



Attachment 2 Stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in the Consultation 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.

1. Consultation Paper questions

	Questions	Feedback
3.4 Questions on the overall legal and regulatory framework		
1.	Do you believe the proposed amendments to the NGL, Regulations and NGR implement the design of the capacity trading reforms effectively? If not, why not?	
2.	Do the market bodies have adequate powers to do what they need to do to facilitate the outcomes sought by the reforms?	
3.	Do you agree with the GMRG's recommendation with regard to which rules are classified as civil penalty and/or conduct provisions (see Appendix A)? If not, why?	
4.	Are there any changes to the NGL, Regulations or NGR that you consider are necessary to ensure parties are unable to game or undermine the intended objective of the reform package?	
5.	Are any other transitional rules not currently included in Schedule 5 required? If so, what are they and why are they required?	
4.1.1 Exemptions		



	Questions	Feedback
6.	<p>Having regard to the objectives of the capacity trading reforms and the Energy Council's approval of the GMRG's recommendation on coverage of the auction, do you agree with the proposal to:</p> <ul style="list-style-type: none"> ▪ Apply the same exemption criteria to the obligation to publish a standard operational agreement and the auction? If not, why? ▪ Replace the single end-user facility criterion, with a single shipper criterion? If not, why? 	<p>Shell agrees with this recommendation with regard to the application of the same exemption to obligations to publish a standard operational agreement from both the capacity trading platform and the day ahead auction. While the rules specifically refer to the standard operational agreement, the rules should be specific that the auction platform does not apply to these exempt pipelines or that these pipelines need to have a standard operational agreement in place (that the rules only refer to publishing this agreement).</p> <p>To remove ambiguity, we also believe that these exempt pipelines should explicitly be exempt from the reporting provisions.</p> <p>To reduce regulatory burden, we would prefer a specific provision for pipeline exempt under Part 23 to automatically apply this exemption under Part 24 also and other relevant provisions.</p>
7.	<p>Do you think the following definition of 'Part 24 compression service facility' will achieve the objective of capturing stand-alone compressors, such as the Moomba, Ballera, Wallumbilla and Iona compression facilities, but excluding other compression facilities (e.g. compression facilities that form part of the pipeline that are used to provide an integrated service and upstream compression facilities? If not, please explain what amendments you think need to be made to this definition.</p> <p>Part 24 compression service facility means a compression service facility that is or may be used to transport natural gas between a transmission pipeline operating at lower pressure and a transmission pipeline operating at higher pressure in order to facilitate the flow of natural gas between two or more receipt or delivery points where the receipt or delivery points are located on different transmission pipelines</p>	
8.	<p>Do you agree with the proposal to allow facilities with a nameplate rating less than 10 TJ/day and single shipper facilities, up to 60 business days to develop and offer a standard operational agreement? If not, why?</p>	



	Questions	Feedback
9.	Do you agree with the proposal to allow a single shipper exemption to be revoked if another shipper enters into an operational TSA with the service provider? If not, please explain why.	Refer to question 5 feedback
4.1.2 Governance model for the Code		
10.	Do you agree with the proposal to allow the AER to play a more proactive role in overseeing modifications to the Code? If not, please explain why.	
11.	Do you agree with the proposed composition of the OTS Code Panel, which will comprise: two service providers, two shippers (one of which must be a large end-user) and AEMO? If not, please explain why not and the changes you would suggest be made to the composition of the OTS Code Panel.	Shell suggests the inclusion of an active "market maker" or trading entity to allow views and perspective on what is appropriate and enabling for a well-functioning market.
4.1.3 Measures to address contractual limitations in facility agreements		
12.	Do you agree with the proposal to use a request and negotiate framework, rather than a standard form agreement model or more prescriptive provisions in the NGR to overcome the limitations on capacity trading in facility agreements? If not, please explain why.	
13.	Do you think the 30 day period allowed for service providers to respond to a shipper seeking an amending agreement is appropriate? If not, why?	
14.	Do you agree with the principles that service providers will be required to give effect to when amending the facility agreement in rule 642?	
15.	Do you agree with the proposal to require service providers to comply with the change in receipt and delivery point provisions in rule 643?	
16.	Do you agree with the proposal in rule 643(6) to restrict the ability of service provider's to make its consent on a receipt or delivery point change conditional on obtaining the consent of a third party but only: <ul style="list-style-type: none"> (a) where the transportation service provider would be in breach of contract if it gave effect to the request without the consent of the third party; and (b) if the third party is another transportation facility user or an associate of another transportation facility user, the requirement to 	



	Questions	Feedback
	<p>obtain that person's consent arises under a contractual provision entered into before 3 January 2018.</p> <p>If not, why?</p>	
4.1.4 Governance arrangements for the specification of zones		
17.	Do you agree with the GMRG's proposed change to the governance arrangements for the specification of zones? If not, please explain why not and set out the arrangements that you think should be employed.	Shell considers that they are appropriate and the strike the right balance between prioritising market and operational issues.
18.	Do you agree with the specification of the principles that AEMO would be required to have regard to when determining the allocation of service points to zones? If not, please set out why not and any amendments you would propose to these principles.	
19.	Do you agree with the information disclosure obligations that service providers would be subject to under the NGR?	
20.	Do you think any additional guidance on the specification of zones is required in the NGR?	
4.1.5 Other matters		
21.	Do you think the proposed service provider cost recovery arrangements provide sufficient protection against the risk of 'gold plating' or 'cost shifting'? If not, please explain why and identify any other measures you think should be employed.	The provisions in Part 24, Rule 634 seem sufficient.
5.1.1 Grandfathered rights		
22.	Do you think the proposal to limit the availability of grandfathered rights to gas fired generators for use at their generation plant is appropriate? If not, please explain why	<p>The reason for including this provision is very unclear and its existence undermines the quality of the auction product. For this to be included there would need to be a significant justification (e.g. system security), which has not currently been presented. A case has not been made to treat GPG as distinct from any other gas user.</p> <p>Furthermore, at a principle level, the application of grandfathered rights may favour some and not all GPG market participants as the draft legislation currently stands and may give some GPG an unfair advantage over others in that their grandfathered</p>



	Questions	Feedback
		rights would allow them to use “as available” capacity over the auction product other GPGs may have secured.
23.	Do you think the proposed two-year transitional period for grandfathered rights is appropriate? If not, please explain why.	With respect to the two-year transitional period for grandfathered rights, this may be an overly long transitional period. 12 months may be more appropriate to bring all market participants in line in terms of consistency and fair application of obligations and opportunities created by the capacity trading platform and DA auction.
24.	Are there any other limitations that you think should be placed on the availability and/or use of grandfathered rights?	These should only be used in circumstances of system security in the power system with appropriate scrutiny from the regulator.
5.1.2 Contract path specification		
25.	Do you agree with the GMRG’s proposal to use the hybrid model for forward haul and compression services? If not, please explain why and in doing so: <ul style="list-style-type: none"> ▪ set out the approach you think should be employed; and ▪ why you think this approach is more consistent with the objectives of the capacity trading reform package, the NGO and the Energy Council’s Vision. 	
26.	Do you agree with the proposal to allow AEMO to determine the backhaul receipt and delivery points to be included in the auction? If not, please explain why	
27.	If AEMO is to determine the backhaul points to be included in the auction, do you think any principles need to be included in the NGR to guide this decision, or should it just be carried out by reference to the Part 25 objective and the NGO?	
5.1.3 Methodology used to calculate auction quantity limits		
28.	Do you agree with the proposal to require the methodology to be used to calculate the auction quantity limits to be specified in the Auction Procedures? If not, why?	We agree the methodology should be specified in the Procedures (which AEMO should be required to consult on). There should however be some guiding principles in the Rules (or at a minimum specified in the procedures) to provide some certainty on how the methodology is developed. For example, it should seek to maximise the level capacity available to the auction



	Questions	Feedback
29.	Do you think any additional principles need to be included in the NGR to guide AEMO's development of this methodology? If so, please specify the principles and why you think they are required.	See above
5.1.4 Other matters		
30.	Do you think the balance that has been struck between the various legal and regulatory instrument is appropriate? If not, what changes do you think need to be made to achieve a better balance?	
31.	Do you think there are any contractual or other legal impediments to prevent auction facility operators giving effect to the results of the auction and auction service priorities? If so, what are they and how do you think they could be addressed?	
32.	Do you think information on intra-day curtailments to capacity sold in the auction should be published on the Bulletin Board during the gas day? If so: <ul style="list-style-type: none"> ▪ What benefit do you think it would provide? ▪ Do you think the obligation to report this information should be limited to material curtailments (e.g. where the capacity sold in the auction is curtailed by more than 10%)? 	
33.	Do you think information on the grandfathered rights that have been scheduled ahead of the auction should be published on the Bulletin Board after the gas day? If so, what benefit do you think it would provide?	Full transparency is required to maintain the integrity of the arrangements and will also assist participants in predicting the possible call on these rights in the future.
34.	Are there are any other types of information that you think could be published that have not already been identified, which would allow auction participants to better understand the risks?	
7.1 Allocation arrangements		
35.	Do you have any concerns with allocation agents that operate at points through which gas is injected into or withdrawn from a Part 24 facility being required to provide AEMO with the information set out in Table 7.1?	



	Questions	Feedback
36.	Is there other information regarding allocation arrangements that should be published to ensure these agreements do not act as a barrier to trade?	
8.1 Transitional arrangements		
37.	Are the provisions in the NGL and Part 26 of the NGR sufficient to trigger change of law provisions and enable changes required to existing contracts to implement the harmonisation of the gas day start time and, as applicable, the nomination cut-off time? If not, why?	
38.	<p>With regard to the information required to be published by facility operators:</p> <ul style="list-style-type: none"> ▪ Do you think transitional rule 4, Part 6 (Schedule 5) will facilitate coordination between interconnected facilities and AEMO without being overly burdensome on facility operators? If not, why? ▪ Is the 30 June 2019 cut-off date for publication appropriate? If not, when should this information be required to be published and why? 	<p>While we appreciate the rule have been structured to allow flexibility between counterparties to agree appropriate arrangements to manage the gas day transition. That being said, given the timeframes being considered to operational the changes it would be helpful if the Rules or procedures (AEMO) allowed for some guidance if parties were having difficulty reaching agreement. While we expect for most parties reaching agreement should be straightforward, guidance could avoid long and costly negotiations.</p> <p>Shell also has concerns with the wording of the transitional provisions. The Consultation Paper indicates that the requirement to provide and publish information about operational arrangements is placed on facility operators that provide services to third parties. The Draft Rules, however are not particularly clear in this regard. We would prefer the Rules are explicit that the requirements apply to facilities that service third parties and the definition of third party aligns with the definition in Part 23 and 24 (i.e. third-party supply does not include supply to JV parties).</p> <p>It is also unclear why the information is being provided to AEMO and it creates confidentiality concerns. The extent of the requirement should be to provide the information directly to impacted parties and if impacted parties do not believe they are being sufficiently informed, their recourse should be to the AER (not AEMO).</p>



	Questions	Feedback
9.1 Key timings		
39.	Do you have any concerns with the timings outlined Chapter 9? If so, what are they and how do you suggest the timings are adjusted?	
40.	<p>In the event the capacity trading reforms are applied in the Northern Territory, do you believe the timings set out in Table 9.4 are appropriate? For example:</p> <ul style="list-style-type: none"> - Part 18 of the NGR uses 'NT application date', defined as the date falling 90 days after the date on which the first NT interconnector is commissioned, to determine when Part 18 applies to facilities in the NT. Following this 90 day period, BB facilities that are also NT facilities have 20 business days to apply to AEMO to register under Part 18. In practice, this means that NT auction facilities may be subject to the capacity auction (which commences on the date falling 80 business days after commissioning), prior to publishing information on the Bulletin Board. Should the Part 18 obligations come into effect for NT auction facilities prior to the commencement of the auction? 	



2. National Gas Laws Amendments (Capacity Trading and Auctions)

Amendment	Issue	Feedback
Schedule 1	Amendment of National Gas Law	
1	Section 2 (1), definition of "Bulletin Board information"	
2	Section 2 (1), various new definitions	
3	Section 2 (1), definition of "initial National Gas Rules"	
4	Section 2 (1), definition of "Natural Gas Services Bulletin Board"	
5	Section 8 (3)	
6	Section 27 Functions and powers of the AER	
7	Section 74 Subject matter for National Gas Rules	
8	Section 74 (1) (aab)–(aad)	
9	Section 74 (3) (fb)	
10	Sections 83B–83D	
11	Section 91A— AEMO's statutory functions	
12	Section 91A (1) (gb) and (gc)	
13	Chapter 2, Part 6, Divisions 2C–2E	
14	Chapter 2, Part 6, Division 6, Subdivisions 3 and 4	
15	Section 91GG Disclosure of protected information for safety, proper operation of the market etc	
16	Section 91H Obligations under Rules or Procedures to make payments	
17	Section 218 AEMO's obligation to maintain Bulletin Board	
18	Section 219 AEMO's other functions as operator of Natural Gas Services Bulletin Board	
19	Section 223 Obligation to give information to AEMO about natural gas and natural gas services	
20	Section 223A	
21	Section 224 Person cannot rely on duty of confidence to avoid compliance with obligation	
22	Chapter 7A	
23	Section 294G	



24	Section 322 Service provider may enter into agreement for access different from applicable access arrangement	
25	Schedule 1-Subject matter for the National Gas Rules	
26	Schedule 1, items 55T	
27	Schedule 1, items 68A–68G	
28	Schedule 1, item 69A	
Schedule 2	Amendment of National Gas Regulations	
1	Regulation 5A Definition of compression service facility	
2	Regulation 10 Maximum civil monetary liabilities	
3	Regulation 10 (1) (dc) and (dd)	
4	Regulation 10 (1) (e)	
5	Regulation 10 (2)	
6	Regulation 10 (2) (d) and (e)	
7	Regulation 10 (3), definition of “ <i>prescribed amount</i> ”	
8	Regulation 10 (3), definition of “ <i>relevant event</i> ”	
9	Regulation 10 (3), definition of “ <i>relevant event</i> ”	
10	Schedule 2 Exclusions from definition of pipeline	
11	Schedule 3 Civil penalties	
12	Schedule 4 Conduct provisions	



3. National Gas Rules

Part 15A Registered Participants

Draft Rules	Issue	Feedback
Division 3	Participant fees	
135C	Definitions	
135CA	Development of participant fee structure	
135CC	Components of participant fees	
135CF	Budgeted revenue requirements	



Part 18 Natural Gas Services Bulletin Board

Draft Rules	Issue	Feedback
Division 1	Interpretation and application	
141	Interpretation	
Division 2	Bulletin Board	
147	AEMO to maintain BB Register	
Division 3	Register and registration	
158A	Obligation to register as BB allocation agent	
158B	Obligation to register BB allocation point	
158C	Registrations for capacity transaction reporting	
158D	Appointment of capacity transaction reporting agent	
160	AEMO to register	
161	Revocation of registration	
Division 4	Information standard and related obligations	
165	Standard for information or data given under this Part or the BB Procedures	
Division 5	Information to be provided by BB reporting entities	
168	Nameplate rating information	
170A	Allocation methodology and agreement	
174	[Not used]. – Deletion of Secondary trade date for BB pipelines	
190A	Obligation to report	
190B	Reporting by the GSH Operator	
Division 7	Publication of information by AEMO	
195A	Publication of capacity transaction information	
195B	Publication of capacity auction information	



Part 22 Gas Trading Exchange

Draft Rules	Issue	Feedback
Division 1	Preliminary	
533	Definitions	
Division 2	Operator	
534	Fees recoverable by AEMO	
536	Determination of payments on close out	
536A	Payments where primary facility agreement is terminated	



Part 24 Facilitating capacity trades and the capacity auction

Draft Rules	Issue	Feedback
Division 1	Preliminary	
591	Application	
592	Structure of this Part	
593	Definitions and interpretation	
594	Part 23 does not apply	
Division 2	Operational Transportation Service Code	
595	Objective and effective date	
596	Content of the Code	
597	Standard operational transportation services and auction services	
598	Standard terms and facility specific terms	
599	Establishment and operation of the OTS Code Panel	
600	Functions of the Operational Transportation Service Code Panel	
601	Code modification proposals	
602	Consultation by the OTS Panel	
603	AER response to OTS Code Panel recommendations	
604	Code modifications	
605	Principles for making Code modification decisions	
606	Members of the OTS Code Panel	
607	Nomination, election and appointment of members	
608	Obligations of OTS Code Panel members	
609	Meetings of the OTS Code Panel	
Division 3	Exemptions and registration	
610	Scope of exemptions	
611	Exemptions granted by the AER	
612	Exemption conditions	
613	Revocation	
614	Making and form of application	



615	Decision on application	
616	Decision to vary or revoke an exemption	
617	AEMO to maintain register and publish guide	
618	Registration of transportation service providers	
619	Obligation to register Part 24 facilities	
620	Multiple transportation service providers for a Part 24 facility	
621	Change of transportation service provider	
622	Application for registration	
623	AEMO to register applicants and their facilities	
624	Revocation of registration	
Division 4	Matters for the Capacity Transfer and Auction Procedures	
625	Information about contracts	
626	Service point and pipeline segment specifications	
627	Allocation to zones	
628	Principles for determining zones	
629	Transportation service point register and information about zones	
630	Interface with the STTM and the DWGM	
Division 5	Obligations of transportation service providers relating to standard form agreements	
631	Obligation to publish	
632	Content of standard operational agreements	
633	Amendments to standard operational agreements	
634	Recovery of standardisation costs	
635	AER review of standard form agreements	
636	Requests for standard operational agreements	
637	Offers for standard operational agreements	
Division 6	Other service provider obligations	
638	Giving effect to operational transfers	
639	Service continuity for primary service termination or suspension	
640	Amendment of facility agreements	
641	New facility agreements	



642	Principles for terms to facilitate sale by operational transfer	
643	Changes to pipeline service points	



Part 25 Capacity Auction

Draft Rules	Issue	Feedback
Division 1	Preliminary	
645	Objective	
646	This Part	
647	Definitions and interpretation	
648	Pipeline classification	
649	Auction information standard	
Division 2	Capacity auction	
650	Auction services	
651	Auction service priority principles	
652	Capacity auction design principles	
653	Auction quantity limits	
654	Application and information	
655	Giving effect to auction results	
656	Establishment and operation of the capacity auction	
657	Auction Procedures and auction agreement	
658	Suspension and termination of an auction participant	
659	Fees recoverable by AEMO	
660	Auction amounts payable by auction participants	
Division 3	Market conduct and nomination rules	
661	General requirements	
662	Conduct in relation to auctions	
663	Nominations and renominations must not be false or misleading	
664	AER monitoring	
665	Facility operators to keep nomination and scheduling records	
666	Renomination records of transportation facility users	
Division 4	Payment of capacity auction revenues	
667	Billing period settlement amounts for facility operators	
668	Final statements	



669	Payments	
670	Settlement queries and disputes	
671	Revised statements	
672	Payment of adjustments	
673	Maximum total payment in respect of a billing period	
674	Interest on overdue amounts	
675	Application of GST	



Part 26 Standard market timetable

Draft Rules	Issue	Feedback
676	Application of this Part	
677	Definitions and interpretation	
678	Standard market timetable	



Schedule 5 Transitional Provisions for the introduction of the capacity trading reforms

Draft Rules	Issue	Feedback
Part 1	Transitional arrangements for Part 15B	
1	Definition	
2	Initial Procedures	
Part 2	Transitional arrangements for Part 18	
1	Definitions	
2	Commencement of secondary reporting obligations	
3	Allocation agents and allocation points on the commencement date	
4	Former remote pipelines	
Part 3	Transitional arrangements for Part 24	
1	Definitions	
2	Code modifications	
3	Northern Territory exemption	
4	Transitional Part 24 exemptions	
5	Registration in relation to Part 24 facilities on the Part 24 commencement date	
6	Initial transportation service point register	
7	Capacity trading platform commencement	
Part 4	Transitional arrangements for new Part 25 (other than compression reporting)	
1	Definitions	
2	Capacity auction start date	
3	Protected services	
4	Facility operator nomination and scheduling records	
5	Renomination records	
Part 5	Transitional arrangements for reporting by compression service facilities	
1	Definitions and interpretation	
2	Application	
3	Information standard and related matters	
4	Capacity Transfer and Auction Procedures	



Draft Rules	Issue	Feedback
5	Nameplate rating information	
6	Detailed facility information	
7	Gas day start times	
8	Short term capacity outlooks	
9	Linepack/capacity adequacy indicator	
10	Nominated and forecast use of compression facilities	
11	Daily production data	
12	Publication by AEMO	
Part 6	Transitional arrangements for the standard market timetable	
1	Definitions	
2	Use of standard market timetable	
3	Information about gas market transition	
4	Information about natural gas facility transition	



4. Operational Gas Transportation Agreement Code

Clause	Issue	Feedback
Part 1	This code	
1	Introduction	
2	Definitions and interpretation	
3	Contents of this Code	
Part 2	Form of agreement – operational transportation services agreement	
1	Agreement documents	
2	Definitions and interpretation	
3	Agreement details	
Part 3	Standard terms - operational and commercial terms	
1	Definitions and interpretation	
2	Services	
3	Service Standards	
4	Nominations and Scheduling	
5	System Use Gas	
6	Hourly Limitations	
7	Curtailment	
8	Park Account	
9	Maintenance	
10	Gas Quality	
11	Pressure and Temperature	
12	Imbalance	
13	Unauthorised Overrun	
14	Use of Delivery Points and Receipt Points	
15	Metering and Apportionment	
16	Title, Risk, Responsibility and Co-ordination	
17	Liability	
18	Force Majeure Events	
19	Charges and Payment	



Clause	Issue	Feedback
20	GST	
21	Standing, Insurance and Credit Support	
22	Suspension and Termination	
23	Dispute Resolution	
24	Assignment/Novation	
25	Representations and Warranties	
26	Confidentiality	
27	Notices	
28	Bilateral Trades	
29	Miscellaneous	
Part 4	Description of services – operational TSA	
1	Traded Forward Haul Service	
2	Traded Park Service	
3	Traded Compression Service	
4	Forward Haul Auction Service	
5	Backhaul Auction Service	
6	Compression Auction Service	
Part 5	Requirements for facility specific terms – operational TSA	
1	General	
2	Definitions in Facility Specific Terms	
3	Other Services	
4	Scheduling	
5	Priority Principles	
6	System Use Gas	
7	Hourly Limitations	
8	Pressure and Temperature	
9	Charges	
10	Imbalance	
11	Odourisation	
12	Metering Principles	



Clause	Issue	Feedback
13	Operational Communications	
14	Compressor Operation	
15	Compression Services	
16	Receipt and Delivery Points	
17	Trading – other entitlements	
18	Accommodating Differences in Gas Days	
19	Specific Facility Issues	