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John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney NSW 1235

Dear Mr Pierce

**Re: submission to the AEMC's Draft Rule Determination - Improvements to Natural Gas Bulletin Board – Rule 2017**

We appreciate the opportunity to provide a submission to the AEMC's Draft Rule Determination regarding Improvements to the Natural Gas Services Bulletin Board (the Bulletin Board). The AER is supportive of the proposed rule change, including its aims to improve the accuracy and consistency of reporting and to enhance the scope of information provided to the market.

This submission centres on the AER's role in monitoring compliance with the Bulletin Board reporting requirements set out in the National Gas Rules and Bulletin Board Procedures. Through our Bulletin Board compliance monitoring and reporting, the AER seeks to facilitate market transparency and instil confidence in those that rely on Bulletin Board information.

**Support for making more data transparent**

Transparent information on the east coast gas market is more important than ever given changed dynamics driven by LNG export linkages. Greater transparency of gas production, gas flows and gas use is required to facilitate better longer-term decision making. Enhanced intra-day information is also necessary for on the day decision-making. We support the measures in the determination that propose to improve transparency in these areas and will build confidence in the Bulletin Board as a primary gas market information resource. Further to being a resource for commercial and operational decision-making, the Bulletin Board helps to inform the policy environment, including regulatory decisions.

**Support for expanding scope of coverage of reporting**

The proposed removal of the zonal model and simplification of the exemption criteria will mean that all transmission pipelines, production facilities and storage facilities, that exceed the minimum reporting threshold, will be required to report on the Bulletin Board regardless

of whether they are connected to a transmission or distribution pipeline, or to a production or demand zone. Under the current framework, sizable storage facilities have received reporting exemptions, including Roma Underground Gas Storage (RUGS), the Silver Springs Storage Facility and the Newcastle Gas Storage Facility. The removal of such exemptions will provide valuable additional information to the market and stakeholders, which in turn will allow a better understanding of the directions and destinations of gas deliveries.

### **Comment on civil penalty changes**

The draft rule change proposes to attach civil penalty provisions to existing registration requirements. The introduction of civil penalty provisions is likely to better incentivise participants to comply with these reporting obligations, where registration acts as the trigger to commence reporting on the Bulletin Board. From an enforcement perspective, it is essential that the AER, as an enforcement agency, retain the power to penalise participants if, for example, they avoid or delay the reporting of Bulletin Board data to the market.

We also support the proposed new Bulletin Board information standard (also subject to civil penalties), which should promote further confidence in the data provided by requiring data to be submitted in accordance with core principles, such as using due diligence and skill. We will continue to monitor the timeliness of participant registrations and their provision of data. In particular, we will be engaging with participants that, upon commencement of the rule change, will be required to report for the first time. In doing so, we will collaborate closely with AEMO.

We support the proposed change to indicate which provisions are to be subject to civil penalties or conduct provisions. Noting whether an obligation is subject to civil penalties or conduct provisions will offer clarity in terms of compliance expectations and consequences.

### **Comment on production facility capacity updates**

We support the proposed change to require material updates to the capacity of production facilities to be reported. However, we note [the AER's Significant Price Variation Report – 1 October 2016](#) (published 21 December 2016), with respect to the Longford Gas Plant's unplanned total shutdown in Victoria on Saturday 1 October 2016.

During the Longford shutdown, some market participants did not receive notice of a full outage for a couple of hours. In contrast, some participants, directly contracted with Longford, received information sooner. AEMC's proposed new rule 178 (3)

...A BB reporting entity must update the information it has provided under subrule (1) for a gas day if there is a material change.

requires an update to data but does not address the "speed of update" concern expressed to the AER during its Price report investigation. The rule could be complemented by a requirement to flag, as soon as practicable, material events if they occur (similar to the line

pack flags applied to pipelines). Timely information is critical in the case of events that effect on-the-day gas flows. Given the long lead times before the implementation of this rule, such a change may be able to be built into the framework. Previously we understand that the costs of implementing such alerts and the lack of demand for such alerts have been raised by stakeholders to suggest this not to be as critical a reform area. The events of 1 October 2016, however, highlight the useful role such alerts could play.

#### **Comment on commencement dates**

With the increased need for greater transparency in the gas industry, the AER considers it important to implement the new reporting requirements (the draft determination decision suggests 30 September 2018 as the start date) as soon as possible. This will enable market participants and stakeholders to access valuable additional data sooner rather than later.

From our discussions with AEMO, the AER understands that AEMO may need the proposed period of time to prepare, consult and implement the required changes to its systems and Procedures, including working through issues related to the publication of aggregated data. While we believe that it would be desirable to commence the new reporting requirements sooner, we recognise the importance in ensuring that the new measures are clear and comprehensive and allow time for affected parties to make the appropriate adjustments.

Yours sincerely



Peter Adams  
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Wholesale Markets