



APGA
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Submission to AEMO

Consultation Paper: Fee Structure – Gas
Pipeline Capacity Trading & Auction 2019

30/11/2018

APGA Submission to the AEMO Gas Pipeline Capacity Trading and Day Ahead Auction 2019 Fee Structure – Consultation Paper

Introduction

The Australian Pipelines and Gas Association (APGA) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) Consultation Paper on the Fee Structure for the Gas Pipeline Capacity Trading Platform (CTP) and Day Ahead Auction (DAA) 2019.

APGA is the peak body representing the owners and operators of Australasia's gas pipeline infrastructure. Our member businesses deliver all of the gas used in Australia.

APGA has an active interest in AEMO's process to develop a new structure of fees for the CTP, DAA and OTS Code Panel. We have been active participants throughout the development and implementation (to date) of the broader Capacity Trading Reform Package, and consider the participant fee structure to be a small but important component of this initiative.

APGA will limit its comments on the AEMO paper to Consultation Question 3: *'on the possible implementation of a registration fee related to the new markets'*.

Key Issues

Consultation question 3: *AEMO welcomes submissions on the possible implementation of a registration fee related to the new markets.*

- APGA has not seen an estimate of the expected cost of setting up the new gas markets under the Capacity Trading Reform Package, nor their expected ongoing administration and operational costs. Detailed comment is difficult in the absence of an official estimate of the costs the new fee structure is expected to recover.
- APGA's key concern regarding the AEMO Discussion Paper is *Section 3.3 (Registration Fee)* of the paper. This section refers to the need to register participants including 'facility operators' and 'BB allocation agents' (both of which include transmission pipelines), and raises the possibility of charging a registration fee for these and other types of participants.
- APGA's key priority is to ensure that the new fee structure will be as simple to administer as practicable and allocate costs to the beneficiaries of the new services – thereby incurring minimum administrative costs and providing the most efficient outcome to consumers. Such an approach is consistent with the National Gas Objective and associated principles detailed in the NGL and the NGR.
- Transmission pipelines and other facility operators contribute to the operation of the new capacity trading arrangements in many ways. This includes: providing information, adjusting contracts and changing nomination and other systems to meet the requirements of the new service; while incurring significant implementation and ongoing administrative and operational costs.
- The appropriate solution is for fees to be recovered solely from active CTP and DAA participants i.e. traders and shippers. This would also be the least administratively complex solution. On occasion, transmission pipeline service providers may also sell capacity through the CTP platform and, to the extent this does occur, a service provider should incur fees in line with other sellers of capacity.