

## David Tagg

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**Subject:** FW: Wholesale Market AMDQ Procedures

**From:** George Foley [<mailto:GFoley@agl.com.au>]  
**Sent:** Monday, 31 March 2014 09:49  
**To:** GWCF\_Correspondence  
**Cc:** Sarah McKelvie  
**Subject:** FW: Wholesale Market AMDQ Procedures

Hi Sarah,

With respect to the procedure changes to AMDQ, AGL has no issue with the PPC and the associated Wholesale Market AMDQ Procedures. These reflect the agreements reached at the GWCF over many iterations.

The Discussion Paper on your website raises further questions to which you are seeking stakeholder views.

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*Is the stated problem a valid and material concern? What are the consequences if this is not addressed?*

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The problem to which we are implementing a solution is a very valid one. The procedure change is attempting to resolve the interface between contract carriage (where flows are determined by a hierarchy of rights and nominations on the day) and the DWGM, where gas dispatch is (generally) based on price merit order. It makes eminent sense for gas dispatch, in the event of a constraint, to be backed up by transportation/injection rights in Victoria (AMDQ and AMDQ CC) and firm forward haulage rights on the other side of the interconnect.

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*Can the stated problem be addressed more efficiently/effectively through other means e.g. confirmations under contracts with interconnected facility operators? Good faith bidding? Any other mechanisms?*

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AGL cannot think of any other way to resolve the impasse when constraints are binding. The solution enshrines the rights of those parties who have financially committed to property rights. It would be irresponsible and reckless not to recognize the priority rights of those who have funded and who continue to fund pipelines.

We see nothing incongruous in the assignments of AMDQ at SWPs being confined to those who have firm haulage on the contract carriage side of the interconnect. Not to do that would be to undermine the value of rights and to erode significantly the incentives to parties who are prepared to fund pipeline development.

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*Do market participants consider that the requirement to hold a firm contract outside of the Declared Transmission System (DTS) in order to utilise AMDQ at that location imposes inequitable barriers to trading or has an adverse effect on competition in the market?*

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As per our response to the question above, AGL sees nothing inequitable in the proposed requirement for firm haulage rights on the MSP to be a basis for the assignment of AMDQ at the Culcairn SWP.

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*Do market participants consider this a valid description of the risk involved under the current arrangements? Do market participants consider that the requirement to hold a firm contract outside of the DTS is a greater barrier to trade than the market risk faced by a participant prioritised with only an 'as available' contract on an interconnected pipeline?*

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We agree with AEMO's description and assessment of the risks that accrue to shippers on the Victorian side who are unable to have their gas shipped out of Victoria. The procedure change provides for operational certainty as to gas flows when constraints are binding. Without this certainty, we would potentially see a misalignment between pipeline flows and market dispatch, an outcome that is not conducive to a well-functioning market.

*Do participants have views on how improved alignment of DWGM withdrawal scheduling through AMDQ on interconnecting pipelines supports investments or otherwise*

I think it self-evident that having a consistent arrangement around exports from a SWP is crucial not only today but in the future where we might see more northbound flows to NSW owing to the changing dynamic of gas flows on the eastern seaboard.

Regards, George

**George Foley**

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