



31 March 2014

Australian Energy Market Operator  
GPO Box 2008  
Melbourne VIC 3000

Sent electronically: [gwcf\\_correspondence@aemo.com.au](mailto:gwcf_correspondence@aemo.com.au)

Dear Sir/Madam,

**Re: Proposed Procedure Change: Wholesale Market AMDQ Procedures (Victoria)**

Lumo Energy welcomes the opportunity to comment on the Australian Energy Market Operator's (AEMO) proposed amendment to the Authorized Maximum Daily Quantity (AMDQ) Procedures as made under Part 15B of the National Gas Rules (NGR).

Lumo Energy is 100% owned by Infratil Limited, a company listed on the New Zealand and Australian Stock exchanges. We sell gas and electricity in Victoria and New South Wales, and electricity in South Australia and Queensland. We are currently one of the largest second tier retailers.

Lumo Energy supports the proposed amendments to the AMDQ Procedures in accordance with Part 15B of the National Gas Rules (NGR). The amendments improve the operational efficiency of the Declared Gas Wholesale Market (DWGM). Therefore, Lumo Energy considers the changes to be consistent with the National Gas Objective (NGO).

Currently, it is possible for market participants to assign AMDQ or AMDQ credit certificates (AMDQcc) in excess of their contractual rights to withdraw into the interconnected facility, preventing other market participants, who do have contractual rights to withdraw into that facility.

The proposed amendments to the AMDQ Procedures ensure that for a transfer of AMDQ or AMDQcc to a System Withdrawal Point (SWP) at an Interconnected Facility, the Market Participant who is the Transferee or Nominating Party must provide evidence that it holds firm capacity on that Interconnected Facility.

The impact of this procedural change will be to increase:

- the alignment of shipper rights across the connection points between the Declared Transmission System (DTS) and other pipeline systems operating under contract carriage;



- the interoperability between the DTS market carriage system and adjacent contract carriage markets;
- greater trade of gas across the Eastern Australian market; and
- certainty of flow from the DTS into the NSW system at Culcairn, with AMDQ matching shipper firm contracts for gas transportation on NSW pipelines.

Lumo Energy supports the other subsidiary amendments to the AMDQ Procedures that help build on this original proposal. This includes the requirement for:

- A Market Participant who is the Transferee or Nominating Party to provide satisfactory evidence to AEMO that it holds firm capacity on that Interconnected Facility. AEMO intends to request evidence in the form of a letter on company letterhead signed on behalf of the service provider of the Interconnected Facility and a letter meeting the same requirements from any other person from who the Transferee or Nominating Party has acquired the firm capacity.
- AEMO to transfer or nominate the quantity of AMDQ that exceeds that Market Participant's firm capacity to the reference hub or to another site as instructed by that Market Participant where that Market Participant no longer holds sufficient firm capacity on an Interconnected Facility to cover its total quantity of AMDQ at the relevant SWP.

Lumo Energy thanks you for the consideration of our submission. Please do not hesitate to contact Con Noutso, Wholesale Regulatory Manager on 03 9976 5701 to discuss this submission further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Justin Mulder", written over the text "Yours sincerely".

**Justin Mulder**  
General Manager Wholesale  
Lumo Energy Australia Pty Ltd