

Attachment A: Summary of stakeholder comments on AMDQ Proposed Procedure Change

This attachment presents a summary of stakeholders' comments in response to the Wholesale Gas Market AMDQ Procedures Proposed Procedure Change (PPC), published by AEMO on 23 June 2016 as part of a formal consultation under Rule 135EE of the National Gas Rules (NGR).

AEMO received 1 submission in response to the PPC after the closing date from:

- AGL Energy Limited (AGL)

Org	Clause No	Summary of comment	Response
AGL	6.1.2	<p>AGL believes the intent is unclear in this section</p> <p>The section could mean that allocation of the auctioned AMDQ occurs at a later time than the auction, allowing new entrants to bid for AMDQ CC provided allocation occurs only once they become a Market Participant. An alternative reading is that AMDQ allocation occurs very close to the auction, barring new entrants from being allocated AMDQ cc. AGL considers the first interpretation to be preferable, but in any case, AEMO should make the meaning of this section clear.</p>	<p>AEMO's intent in this clause is to make sure that bidders have met the minimum requirement to submit a bid (that they must be a market participant or at least have applied to register as a market participant with a controllable quantity), but must be a registered market participant with a controllable quantity by the time the AMDQ CC are to allocated.</p> <p>The scheduled date for allocation of AMDQ CC after an auction will be given in the Auction guidelines at the time of publishing the Auction notice. These timelines may vary for each auction, given that AEMO may be required to auction AMDQ CCs in a number of different circumstances, and timings may in some cases be dependent on external factors, including AER determinations.</p>

Org	Clause No	Summary of comment	Response
AGL	6.2.2	AGL believes 'in sufficient time' in this clause is not clear.	<p>Under rule 329G(3), AEMO must give at least 20 business days' notice of an auction. While AEMO's preference is to commence the process about 12 months in advance (at least for existing capacity), after the DTSSP submits its proposed access arrangement revisions, this will depend on the level of uncertainty around the regulatory determinations on the proposal, as well as construction timeframes (for new capacity).</p> <p>For example:</p> <ul style="list-style-type: none"> • Under rule 329B(3), the AER can make a determination as to the quantity of AMDQ CC relating to existing capacity that AEMO can allocate under 329G at any time up to 50 business days before the scheduled commencement date. • Under rule 329C(5) the AER can make a determination as to the quantity of AMDQ CC relating to new capacity that AEMO can allocate under 329G at any time up to the commissioning date of the extension or expansion. <p>Accordingly AEMO does not consider it feasible to include specific auction commencement timings in the procedures, in addition to the mandatory minimum notice time in the NGR. However, as noted above, an amendment has been made to clarify that timings will be specified in the guidelines published for each auction.</p>

Org	Clause No	Summary of comment	Response
AGL	6.3.1	AGL supports the measures outlined in 6.3.1, as the framework is likely to encourage network investment and provide improved certainty to Market Participants. Ensuring auctions can be scheduled well in advance of capacity coming online will afford Market Participants certainty of their route to market, and better forward planning into flow on aspects such as retail tariffs.	Noted.
AGL	6.5.2	AGL supports a clearing price where the price is specified for all bidders in the relevant price step. AGL considers this is a fairer approach than pay as you bid, which relies on a blind price.	Noted. AEMO agrees that the clearing price is a more appropriate option.
AGL	6.5.2(d)	The clearing price allocation process in section 6.5.2(d), where demand for AMDQ cc is greater than availability, is complex. AGL suggests that this section could be drafted more clearly.	Noted. Refer to amended drafting in IIR.
AGL	6.6	AGL suggests that further detail about payment terms and cycles is necessary, so that Market Participants can assess how these terms can be met and fit into existing settlement processes.	Noted. It had been proposed that the auction notice would set out the payment terms. AEMO now intends to raise invoices for auction payments outside of the settlements cycle, with 20 business days for payment. Clause 6.6 has therefore been amended in IIR draft to mirror the payment clause for authorised MDQ allocations.
AGL	6.7.1(c)	AGL's view, if more than one Market Participant is interested in purchasing the AMDQ cc, then an auction should take place to ensure equitable acquisition.	Noted. Refer to amended drafting in IIR and note feedback is sought on alternatives. To ensure AEMO is not required to conduct multiple successive auctions, it is proposed that this provision should not trigger auctions more frequently than once in 12 months.