



10 March 2015

Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3000

Submitted electronically

Dear Hugh,

Re: Amendments to Wholesale Gas Scheduling Procedures

Lumo Energy welcomes the opportunity to comment on the Impact & Implementation Report (IIR) which outlines some proposed changes to the Wholesale Gas Scheduling Procedures.

We are 100% owned by Snowy Hydro Limited. 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.

The key change to the Wholesale Gas Scheduling Procedures as described in the IIR has been driven AEMO's requirement under clause 221 (3) (f) the National Gas Rules (NGR) to apply supply and demand point constraints to the "Pricing Schedule" in the Declared Wholesale Gas Market (DWGM) to reflect the limitations of pipelines and facilities that are external to the DTS.

The obligation for AEMO to comply with clause 221 (3) (f) of the NGR has forced the Australian Energy Market Operator (AEMO) to amend clause 3.8 - Supply Demand Point Constraints (SDPC) of the Wholesale Gas Scheduling Procedures. The aim of this is to provide additional clarity for when constraints may be used for both pricing and operating schedules or just operating schedules. The action by AEMO to adjust the Wholesale Gas Scheduling Procedures to provide additional clarity on this matter is welcomed.

A key concern for us regarding this IIR is that it appears to create a range of other specific amendments other than the SDPC amendments to the Wholesale Market Gas Scheduling Procedures for matters that have been raised at the Gas Wholesale Consultation Forum (GWCF) over a year ago or longer. The problem with this is that many of the proposed changes are now unfamiliar to us.

We have consulted directly with AEMO on these additional Procedure changes and sought clarification on the precise nature of the changes to the Wholesale Market Gas Scheduling Procedures. We were particularly interested in understanding the potential commercial impacts of the proposed changes.



A key lesson for all parties in these consultations is that in the future it may be more constructive for AEMO to:

- ensure that any Procedure changes are discussed through the relevant working groups and consultations with the market within a “reasonable” time frame;
- where proposed Procedure changes are not discussed in a relevant working group prior to them being consulted upon in the form of an IIR it is important that the IIR contain an adequate high level explanation of the proposed Procedure change.

We would like to thank the AEMO for the opportunity to provide comments on this IIR. Should you have any further enquiries regarding this submission, please call Con Noutso Wholesale Regulatory Manager on 03 9976 5701.

Yours sincerely

A handwritten signature in black ink, appearing to read "Con Noutso".

Con Noutso
Wholesale Regulatory Manager
Lumo Energy Australia Pty Ltd