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Dear Mr Griffin,

Re: ACCC draft determination and interim authorisation

Thank you for the opportunity to provide a submission to the Australian Competition and Consumer Commission (ACCC) application for re-authorisation AA1000544- draft determination & interim authorisation, (the 'Draft Determination').

AEMO acknowledges the expired Final Determination A91516 & A91517 (the 'Authorisation') that was granted in 2016 which requires LNG facility operators to publicly disclose maintenance information (the 'Maintenance Information') shared with each another, for a period of 5 years¹. AEMO acknowledges that the ACCC wishes to extend this Authorisation for a further 5 years.

The Gas Transparency Measures (GTM) discussed in the draft determination are expected to be implemented in 2022 as part of the amendments to the National Gas Law (NGL) and will require facility operators of LNG export facilities to disclose scheduled maintenance events, similar to the expired Authorisation.

AEMO notes that the GTM has been developed to streamline information gathering across the gas markets and improve transparency. Under the GTM, information required in the extended Authorisation will also be captured as part of the Medium Term Capacity Outlook (MTCO) on the Bulletin Board (BB).

Medium Term Capacity Outlook (MTCO)

In section 1.14 of the draft determination, the ACCC notes the GTM will provide an enhanced level of visibility of the maintenance information relating to the operations of the market than what is currently available as part of the Authorisation. However, the GTM will be capturing this information only 12 months into the future through the MTCO.

The MTCO for a BB facility, under rule 181 of the National Gas Rules, is information about matters expected to affect the daily capacity of a BB facility for an outlook period of 12 months beyond the required short term capacity outlook. The MTCO requires the following information to be submitted:

¹ ACCC. AUTHORISATION FOR PUBLICATION OF LNG MAINTENANCE, 2016. AVAILABLE AT [HTTPS://WWW.ACCG.GOV.AU/PUBLIC-REGISTERS/AUTHORISATIONS-AND-NOTIFICATIONS-REGISTERS/AUTHORISATIONS-REGISTER/AUSTRALIA-PACIFIC-LNG-PTY-LTD-ORS-AUTHORISATIONS-A91516-A91517](https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australia-pacific-lng-pty-ltd-ors-authorisations-a91516-a91517). VIEWED 15 MAY 2021.

- (a) the expected start and end dates of the matters expected to affect the daily capacity of the BB facility;
- (b) a description of the matters expected to affect the daily capacity of the BB facility; and
- (c) the expected daily capacity of the BB facility during the period it is affected by the matters referred to in paragraphs (a) and (b).

The Bulletin Board (BB) Procedures specifies that this daily capacity is to be provided to AEMO in TJ/day.

Maintenance Information

AEMO's inaugural Biennial Review of the BB² highlighted the importance these maintenance activities can have on the domestic market through the value of the Maintenance Information. The Biennial Review noted that the Maintenance Information can be difficult to interpret and use due to the way the information is received and then published. This is consistent with feedback that AEMO continues to receive from market participants.

The Maintenance Information is currently provided to AEMO from the LNG facility operator via email. This information is converted into a PDF document and uploaded onto AEMO's website. This is a manual process which could be avoided if the process was automated like other submissions to the BB.

AEMO notes that with changes that are implemented as part of the GTM, the MTCO information will be uploaded to the BB soon after submission and provided in a format that is easily downloadable. However, this information will be limited to 12 months into the future, as there is no obligation for facility operators to submit longer time frames than this.

AEMO considers that this 12-month period is when the biggest impact on gas prices is likely to occur as this is when demand-supply imbalances of the LNG export facilities impact on the domestic markets. However, AEMO acknowledges that there may be commercial negotiations that do occur outside of this 12-month reporting period, when LNG facility operators may have information that is not known to other participants in the market.

The ACCC states in the draft determination that "there are significant information asymmetry problems which are likely to generate significant competitive detriments" because of the difference between the data range specified in the Authorisation and the MTCO. While AEMO agrees that information disparity can occur outside of this 12-month reporting period, it is AEMO's view that the MTCO information will be sufficient for most scenarios.

Removing reporting duplication and improving efficiencies

Extending the Authorisation will cause duplication and inconsistent reporting of the information submitted to AEMO; as part of the MTCO through the BB, and the information provided to AEMO through the Authorisation.

² AEMO. GAS BULLETIN BOARD BIENNIAL REVIEW, 2020. https://aemo.com.au/-/media/files/gas/natural_gas_services_bulletin_board/gas-bulletin-board-biennial-report-2020.pdf

To address the duplication, AEMO recommends using the MTCO functionality to report the Maintenance Information. This will bring the following benefits:

- removal of duplication of reporting by LNG facility operators,
- ensure consistency of reporting to, and by, AEMO,
- automate information that will become more readily available, and
- increase clarity of the information being published.

AEMO will be required to make minor changes to the BB Procedures and BB Submission Guide during the implementation of the GTM. These can be made consistent with the Authorisation as follows:

- The requirement of clause 2(a) of the Authorisation will be met as the MTCO includes both start and end dates of maintenance activity.
- The requirement of clause 2(b) of the Authorisation can be met through the Description for the MTCO and provision of capacity information in TJ/day.
- The requirement of clause 6 of the Authorisation can be met through the separate Capacity Description field of the MTCO which would then identify the information as being provided for the purposes of the Authorisation.

Recommendation

AEMO notes that there may be no need to change the Authorisation for the Maintenance Information to be provided using the MTCO submission functionality. However, AEMO recommends that a change should be made to clause 5(a) of the Authorisation to clarify this and make the obligation explicit.

AEMO commits to assessing this further in the 2022 Biennial Review of the Gas Bulletin Board. Under this Review, AEMO would analyse whether there is scope to change the time frame of the MTCO to longer than a 12-month submission period.

There are benefits to the market by providing information in a consistent manner, that is easily accessible and clear. This recommended change will uphold the objective of the GTM; to streamline data collection and improve information transparency of the gas markets at the same time meeting the requirements of the Authorisation.

AEMO requests that the draft determination considers this recommendation to the Authorisation. I look forward to discussing AEMO's submission further and addressing any questions that you have.

Yours sincerely

Robbie Flood
Manager Gas Market Monitoring