From: Griffin, Luke
Sent: Wednesday, 28 April 2021 10:28 AM
To: MEAD Admin
Cc: Jones, Gavin
Subject: FW: Meeting to discuss Origin's submission and transparency measures concerning LNG maintenance co-ordination [SEC=OFFICIAL]

From: Strokon, Tom [redacted]
Sent: Friday, 23 April 2021 4:50 PM
To: Griffin, Luke <luke.griffin@accc.gov.au>
Cc: Jones, Gavin <gavin.jones@accc.gov.au>; Reid, Steve [redacted]; Kennewell, Ricky [redacted]
Subject: RE: Meeting to discuss Origin's submission and transparency measures concerning LNG maintenance co-ordination [SEC=OFFICIAL]

Hi Luke,

Thanks for meeting with us earlier in the week. To supplement our submission and the points raised during our discussion, please see the below:

- In our view, the key principle that should be maintained when looking at the reporting of coordinated LNG maintenance activity is the need for continuous disclosure. This is critical in remedying the information asymmetry that would arise where LNG producers are privy to knowledge pertaining to market supply/demand dynamics that is not publicly known.
- We note that while there were no other submissions to the current consultation, stakeholders expressed a similar sentiment (see table 1 below) in response to the original 2016 application. These views remain valid.
- Additionally, the ACCC in its 2016 Determination recognised this as an important issue, stating that: *The ACCC accepts that the proposed conduct gives rise to potentially significant information asymmetry problems which are likely to generate significant competitive detriments.* [Summary, pg. i].
- With the need to remedy the information asymmetry in mind, the ACCC in its 2016 Determination also noted that : *In essence, the condition requires each of the Applicants to publish information regarding relevant maintenance scheduled at their facilities, once they have disclosed that information to other Applicants.* [pg. 22]
- While the incoming Gas Transparency Measures (GTM) will allow for the reporting of LNG maintenance 12 months out, it will not do so for activity beyond this period, essentially violating a key feature of the current condition (i.e. the underlined section above).
- As far as Origin is aware, implementation of the GTM did not explicitly consider the appropriateness of a 12 month reporting timeframe for LNG maintenance activity, and so the new measures cannot automatically be deemed suitable. It is our understanding the GTM utilised the definition of medium term capacity outlooks set out in the NGR where there was a previous 12 month reporting requirement for producers, storage facilities, and pipelines. While this approach may be generally appropriate; there is a significant point of difference in the case of LNG maintenance given the sharing of market-sensitive information amongst the producers (which the rest of the market is not privy to) and the potential impact of the activity given the size of the projects.

Table 1 – Previous stakeholder comments

Please don't hesitate to get in touch if you have any further questions.

Thanks,

Tom Strokon
Energy Regulation Manager

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