



29 June 2015

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Submitted via email

Dear Kate

REVIEW OF THE GAS BULLETIN BOARD ZONES

Alinta Energy (**Alinta**) welcomes the opportunity to make a submission in response to the Review of the Gas Bulletin Board (**GBB**) Zones (**the Review**) undertaken by consultants Marsden Jacob Associates on behalf of the Independent Market Operator (**IMO**).

Alinta is a major shipper of gas through both the transmission and distribution networks within Western Australia, and is a retailer of gas to residential, commercial and mining loads within the state. Further, Alinta owns and operates power stations in the Pilbara region, in addition to power station assets connected to the South West interconnected system (**SWIS**) at Pinjarra and Wagerup.

Alinta notes the Review seeks comments on a range of questions and has made six recommendations to improve the relevance and use of GBB Zones in a manner that meets the Gas Services Information (**GSI**) Objectives (refer to Attachment 1).

Alinta's views

In general, Alinta is supportive of the development of an efficient GBB that leads to net positive outcomes for gas industry participants providing that participants' commercially sensitive data, integral to their ability to compete on a fair and sustainable basis, is protected from unwarranted publication.

Alinta appreciates the Review is being undertaken under the auspices of the GSI Rule 82 which provides that the IMO must review GBB Zones at least once in each five year period. However, given the GBB was implemented in August 2013 and this Review, albeit in draft, was released in May 2015, Alinta believes it would have been more beneficial to the market for the IMO to have undertaken the review after the elapse of a longer post implementation period. If that were the case, it is Alinta's view that participants, through the bedding down of their information systems and compliance processes and experience in using GBB sourced information, would have been in a better position to provide more meaningful feedback in regard to changes or improvements to the GBB.



Alinta supports the recommendations to resolve existing administrative issues (Recommendations 1, 4, 5 and 6)

As a general comment Alinta's view is that some of the Review's recommendations, to the extent that they directly relate to GBB Zones, have merit. In particular, recommendations 1, 4, 5 and 6 appear common sense solutions to administrative issues in defining and managing GBB Zones and changes in those Zones, such as dividing a Zone to improve transparency¹.

Alinta notes recommendations 5 and 6 refer to guidelines to be adopted by the IMO in respect of allocating new pipelines to GBB Zones and revision of GBB Zones respectively. Alinta recommends that these guidelines be incorporated as Procedures under the GSI Rules.

This would require the Procedures were developed (and changed) within the formal consultative framework as set out in the GSI Rules and would ensure participants had adequate opportunity to express their views and concerns. In Alinta's view, adopting this recommendation would guarantee transparency of the development/change processes, provide appropriate opportunities for participant engagement and result in a higher degree of acceptance and support of the resultant procedures.

Similarly, in respect of recommendation 1, "Remove the definition of GBB Zones from the GSI Rules", Alinta supports the Review's proposal that the Zones be included in the existing GSI Procedure for Operation of the Gas Bulletin Board and the Emergency Management Facility. Incorporating the schedule of Zones in this Procedure would provide the IMO with an appropriate level of flexibility to accommodate new pipelines within the relevant Zone to ensure consistency between reporting by Zone and reporting by Facility.

Alinta looks forward to contributing to the Procedure Change Proposal necessary to incorporate the schedule of Zones in section 4.1 of the above Procedure. Alinta expects that the Procedure Change Proposal will establish and embed in the above Procedure the framework and relevant consultative processes necessary to support IMO decision-making around allocating new pipelines to Zones and other such changes to Zones as may be contemplated by the IMO to fulfill its obligations under section 4.1.1 of the above Procedure.



Alinta does not support the recommendation to publish nomination and forecasts for individual facilities as this will result in the release of commercially sensitive information (Recommendation 2)

In regard to recommendation 2, "Publish nominations and forecasts for individual facilities (in particular gas production facilities)", Alinta understands this extends to Large User Facilities. Currently, such information is aggregated and published by Zones ensuring adequate protection of commercially sensitive information.

Alinta notes the principle of protecting commercially sensitive information is embedded within the existing GSI processes as ex-post data for pipelines, gate stations, production and storage facilities is published after 2 days while consumption information for Large User Facilities is published after 7

¹ Alinta notes that in seeking to achieve this objective it is however important that commercially sensitive information is not inappropriately revealed. For further details of Alinta's concerns around the release of commercially sensitive information for large user facilities please refer to the submissions provided by Alinta during both consultation periods on the original GSI design: <http://www.imowa.com.au/home/gas/projects> and Alinta's views in this submission on Recommendation 2.

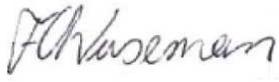
days. As a matter of consistency of principle, Alinta can see no justification for ex-ante publication by facility of production or consumption forecasts. Moreover, in Alinta's view to do so would compromise participants' abilities to manage their positions on a fair and equitable basis in a highly concentrated supplier market.

In addition, Alinta is also concerned that 7 day forecasts of Large User Facility deliveries, such as for gas fuelled electricity generators, would highlight intended trading positions in the Wholesale Electricity Market (**WEM**). This would be against the principle of competitive neutrality as generators using alternative fuel sources do not face the same disclosure obligations; gas fuelled generators would be at a disadvantage to other generators in the SWIS as a result.

In sum, Alinta does not support recommendation 2; in Alinta's view it fails the reasonableness test of the benefit outweighing the costs. Adequate information flows already exist: upstream facilities have obligations to alert downstream users to disruption events allowing them to manage the impact on their portfolios.

Publishing ex ante forecasts weakens the position of downstream users in procuring any necessary make-up supplies on economic terms and therefore in Alinta's view is inconsistent the GSI Objective (d), "the facilitation of competition in the use of natural gas services in the State". As well, mandating 7 day delivery forecasts for Large User Facilities supplying electricity to the WEM would impose a disadvantage for no benefit in either the gas or electricity markets.

If you have any queries in relation to the comments in this submission please contact John Rhodes, Regulatory Advisor, on 94863306.



Fiona Wiseman
Wholesale Regulation Manager



Attachment 1: Review of the Gas Bulletin Board Zones

Recommendations

Marsden Jacob's preliminary assessment of options to improve the relevance and use of GBB Zones in a manner which meets the GSI Objectives includes six recommendations. Each recommendation would require amendments to the GSI Rules in order to be implemented.

Recommendation 1: Remove the definition of GBB Zones from the GSI Rules

Removal of the definition of the GBB Zones from the GSI Rules (amendment to Rule 82) to allow the IMO greater flexibility in amending the Zones to suit market needs going forward.

Recommendation 2: Publish nominations and forecasts for individual facilities (in particular, gas production facilities)

Publish nominations and forecasts for individual facilities (i.e. large users, producers etc.). In particular, publishing nominations and forecasts for production facilities will increase opportunities for short term trade and the efficient resolution of supply disruption events.

Recommendation 3: Capture large user facility data connected to non-GBB Pipelines

The purpose of the GBB is to capture accurate data on gas supply and demand by region to help facilitate trade in pipeline gas. Accurate data at the facility level may not be captured for some large use customers being supplied from non-GBB Pipelines. Although this issue is not directly relevant to the definition of GBB Zones, in order to ensure that relevant data is captured by the GBB, we recommend that the definition of large user facilities should be extended to capture gas supply from non-GBB Pipelines.

Recommendation 4: Division of the current Dampier Zone

The Dampier Zone (which will be responsible for almost 98% of domestic gas production capacity by 2020) should be segmented into smaller Zones to provide greater transparency of information to market participants which is useful in the management of gas supply disruption events within the region and to facilitate trade.

Recommendation 5: IMO adopt Guidelines for allocation of new pipelines to GBB Zones

That the IMO adopts the Marsden Jacob's Guidelines for the allocation of new pipelines to GBB Zones (outlined above and in section 3.3.2)

Recommendation 6: IMO adopt Guidelines for revision of GBB Zones

That the IMO adopts the Guidelines for the revision of GBB Zones (outlined above and in section 3.3.4).