



9 March 2018

Mr Jack Fitcher  
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**DRAFT REPORT – STRUCTURE OF PARTICIPANT FEES IN AEMO’S GAS MARKETS  
2018**

Dear Mr Fitcher

GLNG Operations Pty Ltd (**GLNG**) welcomes the opportunity to provide the following submission in respect of the *Draft Report – Structure of Participant Fees in AEMO’s Gas Markets 2018 (Draft Report)* released by AEMO on 21 March 2018.

GLNG supports the desire to make improvements to the structure of fees in wholesale markets particularly the Gas Bulletin Board (**GBB**) given the AEMC final rule determination to enhance the breadth and accuracy of information provided to the market, and to improve the operation and relevance of the GBB for participants in the east coast gas market.

GLNG supports the adjustment of the AEMO GBB fee model towards including participants in Wholesale Gas Markets (retailers and Direct Customers in the DWGM and STTM markets) as this captures some of the beneficiaries of the data provided on the GBB.

GLNG recommends the following amendments to the AEMO GBB proposed fee structure and related processes within the Draft Report:

- **Application of ‘reflective of involvement’ principle over “beneficiary” pays**

AEMO’s guiding principle ‘reflective of involvement’ principle is appropriate for traded market costs where the revenue drawn by AEMO is directly related to the transaction load of the entity involved similarly the entities utilising the traded market drive a benefit from the AEMO service.

Hence for traded markets this is truly a ‘user pays’ model, however in the case of the GBB where the measure of ‘reflective of involvement’ covers predominantly the users that are the principle source of AEMO’s GBB information this is an inconsistent application of ‘reflective of user involvement’ across the other AEMO fee structures.

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With 50% of the costs remaining to be recovered from production entities required to provide information and similarly incur costs in making the information available, this is inconsistent as these entities are not proportionally receiving benefit from the GBB and cannot pass through the costs.

It is therefore inconsistent with AEMO's guiding principles and does not pass the 'reasonableness' test, where the fees levied are not reflective of the participant's true involvement and additionally benefit from the GBB.

The structure for cost recovery must be both:

- Adjusted from 50:50 to 70:30 split on facilitated markets vs producers; plus
  - Producer's category to be expanded to cover all GBB users that derive value from the GBB, where this would include: shippers, pipeline operators, producers and storage operators and other users that access the data for more than informational purposes.
- **Balance from Wholesale markets to Producers ratio of fee share (50:50 vs 70:30)**

The legislative burden of the GBB reporting obligations are clearly attributed to the producers and not the wholesale market participants, where producers must report to the GBB to enable the data that is readily available to the market. This additional cost cannot be passed through and then for AEMO GBB fees to be levied on the producers, this represents a double charge, direct internal charges plus additionally AEMO fees.

Therefore GLNG proposes the correction of the distribution of the fee share from 50:50 to 70:30 wholesale markets to producers, where this is based on the key differences being the existing reporting burden with related costs in producing the GBB data.

- **Producers fee component: Lack of pass through particularly export facilities**

GLNG note that the fees that are proposed to be levied to the producers are not able to be passed through to remaining gas market and on this basis this adjustment of the pool to only producers is not consistent with existing principles from previous AEMO approaches.

- **Producers fee component: Flat fee vs production \$/GJ basis**

The basis for AEMO attributing costs to producers is due to their involvement in the GBB, it would therefore be reasonable to argue the basis for a throughput \$/GJ charge is not representative of 'reflective of involvement'. This can be demonstrated such that greater or less gas volume produced does not increase the workload or representation on AEMO's GBB.

On this basis, GLNG support the 'flat fee' based on total number of GBB production facilities over the percentage of fee that is applicable ie recommended 30% for producers.

Additionally GLNG support the number of entities be expanded to include: shippers, pipeline operators, producers and storage operators and other users that access the data for more than informational purposes.

- **Western Australian model: Data provision differences for producers**

In Western Australia bundles GBB and GSOO cost recovery are merged into a single Gas Services Information fee. Western Australian Producers have a lighter data interface with AEMO, with data often provided by pipeline operators under a “duplication exemption” basis. For example, each Receipt Point at which the facility is connected to a GBB Pipeline data, the producer can be exempt from providing data to AEMO (Div 4 – Rule 73).

On this basis, Eastern Australian GBB data requirements and associated cost of providing the data for Eastern Australian producers are more significant than for Western Australian producers.

Therefore a differentiation of split for fees proposed for Eastern Australia compared with Western Australia is warranted, being wholesale markets/ producers split of 50/50 to 70/30 with the producers discounted based on the higher data provision costs.

Additionally, the volumes of gas utilised for the calculation of fees in Western Australia exclude LNG production volumes for export purposes. GLNG recommends that remaining consistent and excluding LNG volumes across the 2 markets would ensure consistency and potentially lead to efficiencies if ever the 2 bulletin boards were combined in the future.

- **Differentiation between GBB viewing and downloading of the GBB data**

GLNG acknowledges AEMO’s identification of the difficulty in establishing a differentiation between GBB viewing and downloading of the GBB data within the fee structure. However, this mechanism is common place in major data sources and in some cases AEMO may be supporting/ subsidising international entities that are not directly involved in the Australian Gas Market through not providing this separation.

GLNG believes it is achievable to remain consistent with the objectives of *providing equal access, reduce information asymmetry, aid with investment decision making and competition in markets for facilities connected to the east coast gas market*, whilst charging for more significant data mining capabilities within the GBB.

Therefore GLNG supports that there should be a differentiation between GBB viewing and downloading of the GBB data, such that if users are downloading the data (ie reports), hence gaining greater value from the data, then there is a charge that is reflective of this benefit. It is on this basis that a variable component is required.

Additionally, the fixed fees from paid by producers and wholesale market participants should be reduced or offset by the revenue obtained from downloads.

GLNG considers that realigning the split to 30% to producers/ others and broadening of the application of the fee structure as proposed is aligned with AEMO's guiding principles.

We would welcome the opportunity to discuss these recommendations ahead of the implementation of the amendments to the fee structures. Please contact Vanessa Taylor from GLNG via email on [Vanessa.taylor@glng.com](mailto:Vanessa.taylor@glng.com) or via telephone on (07) 3838 3009.

Yours sincerely,



Rod Duke  
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