



Our reference: COM.16.015

27 July 2016

Mr. Jack Fitcher
Chief Financial Officer
Australian Energy Market Operator
GPO Box 2008
Melbourne
Victoria 3001

Dear Mr. Fitcher

Re: SEA Gas MOS allocation service costs for the year ending 30 June 2016 (MOS Costs)

As you know the introduction of the Short Term Trading Market (STTM) has increased pipeline obligations for reporting of data. SEA Gas has made a number of changes to accommodate these requirements and has made no other recovery of the Market Operator Service (MOS) Costs listed below.

SEA Gas can identify some costs directly related to MOS Allocations. These costs have been allocated 100% to MOS Costs. For other costs indirectly related to MOS Allocation requirements SEA Gas has made an allocation proportional of MOS Allocation files to the total number of files submitted for the STTM. During the last financial year SEA Gas submitted 3,680 STTM files. 1,655 (45%) of those files were MOS Allocation files. Therefore, SEA Gas has allocated 45% of the indirect costs to MOS Costs.

SEA Gas had forecast estimated MOS Costs for the financial year ending 30 June 2016 (FY16) at \$20,000. With completion of FY16, MOS Costs incurred have been determined as \$16,125.

Consistent with last year's account please be advised that the invoice for SEA Gas' FY16 MOS Costs includes the following;

1. External Service Provider costs
 - a. Previously, SEA Gas instigated after hours support from its IT service provider to assist with Short Term Trading Market (STTM) compliance. For FY16, \$3,393 has been allocated to MOS Costs representing 45% of the cost incurred attributable to the STTM.
 - b. The External Service Provider was required to perform business hours support on STTM related matters. The work performed includes direct and indirect MOS work. 45% of the indirect costs were charged to MOS Costs, and 100% of the direct costs. The MOS Cost share of this work is \$2,575.

2. Internal Labour costs

- a. From SEA Gas timesheet records, effort was required to manage shipper CRN expiry issues; invalid MOS stack submissions and deal with other specific MOS matters. The costs attributable include direct and indirect MOS costs (45% of the indirect costs were charged to MOS Costs). The allocation to MOS Costs is \$3,449.
 - b. SEA Gas notes the on-going monitoring required of STTM and MOS Allocation data. Consistent with the previous year SEA Gas estimates that the day to management of MOS obligations outside of the specific matters listed above costs \$6,708 (for 52 hours per annum).
3. On this occasion we have chosen not to add an interest cost for the time differential between when costs are incurred and the expected time of recovery.

SEA Gas' MOS Costs are summarised as follows.

Source	Description	Cost
External Service Provider	After Hours Support	\$3,393
	Business Hours Support	\$2,575
Internal Labour Costs	Internal Analysis	\$3,449
	On-going monitoring	\$6,708
Total		\$16,125

If you have any questions on this matter, please contact Jamie Coombs (Information Systems Coordinator) at Jamie.coombs@seagas.com.au.

Regards,



Jamie Coombs

Information Systems Coordinator