



30 November 2018

Ms Sandra Chui  
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Australian Energy Market Operator  
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Melbourne VIC 3001

**BY EMAIL**

Dear Sandra

**Consultation Paper – Gas Pipeline Capacity Trading and Day Ahead Auction 2019 - Fee Structure**

APA welcomes the opportunity to respond to AEMO's Consultation Paper on the structure of participant fees for the new gas markets to commence from 1 March 2019. APA is a facility operator in a number of existing AEMO operated gas markets, the Gas Bulletin Board as well as the new capacity trading and day ahead auction market. As such APA has significant regulatory compliance obligations in respect to each of these markets.

This submission addresses the issues as discussed in the consultation paper released by AEMO on 25 October 2018. APA consider the cost of providing these services should be borne by those parties who ultimately benefit from the services and this cost should be recovered in the most efficient and equitable manner possible. Arguably the benefits of the capacity trading and day ahead auction markets accrue to the end consumer and as such the final fee mechanism should be designed to ensure that costs are recovered from those parties using the services on behalf on their end consumers and collected in the most efficient manner possible.

With respect to each of the questions raised in the consultation paper APA offer the following comments:

Question 1  
AEMO welcomes comments on fee structure for the CTP.

APA considers that the current Gas Supply Hub fee structure of both a fixed and a variable fee (per gigajoule), charged to the trading participants who use the service, would be an appropriate basis to charge for the new capacity trading services.

Question 2  
AEMO welcomes comments on the fee structure for DAA.

APA consider that a variable fee (\$/GJ/MDQ) charged to auction winners would an appropriate basis to charge for the new capacity auction services. This mechanism would recover costs on an equitable basis from those Shippers who use the service whilst ensuring any Shippers who do not benefit from the auction do not incur additional costs. The charge should be based on the final allocated auction capacity that is awarded to the auction shipper after any reduction to auction quantities in accordance with Rules has been taken into account.

Question 3

AEMO welcomes submissions on the possible implementation of a registration fee related to the new markets.

The implementation of a registration fee may be appropriate to recover AEMO's fixed costs in relation to the registration and management of trading participants, however it would be inefficient from an overall cost recovery perspective to apply charges to facility operators or allocation agents who are effectively providing the services required to facilitate trading. In the case of facility operators, who are already subject to separate provisions to recover their own costs, this would likely lead to an on charging of these fees to Shippers which would be an inefficient mechanism to recover AEMO's costs. The cost of providing these services should be borne by those parties use the service and the costs should be recovered in the most efficient and equitable manner possible. Consideration of registration fees needs to align with the guiding principles of being reflective of involvement and being simple.

Question 4

AEMO welcomes comments on the length of time over which the structure of participant fees from 1 March 2019 should apply and whether aligning the maturity to 30 June 2021 for all gas fees is most efficient.

It would seem prudent to align the fee structure with other participant fees, however the quantum should be reviewed regularly as the market establishes to ensure the volume assumptions used in determining charges are appropriate so as to prevent under or over recovery.

Question 5

AEMO welcomes submissions on the fee structure to recover AEMO's costs associated with the OTS Code Panel.

The costs of establishing and maintaining the OTSA Code Panel should, in comparison to the trading and auction platforms, be relatively minor and as such the most effective and efficient recovery mechanism would be a variable charge or component of the variable charge for both the trading and auction fees discussed above.

APA would be pleased to discuss this submission and provide further information which may assist AEMO. In the first instance please contact me on 07 3323 6023.

Yours sincerely



John Jamieson  
Manager Products and Services