



14 January 2019

Our Reference: APLNG - COR - 0014152

Hugh Ridgway
Australian Energy Market Operator
GPO Box 2008
Melbourne VIC 3001

Sent via email: Hugh.ridgway@aemo.com.au

Dear Hugh,

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

Australia Pacific LNG Pty Limited (**APLNG**) is pleased to provide the Australian Energy Market Operator (**AEMO**) stakeholder feedback on the Draft Report Gas Pipeline Capacity Trading and Day Ahead Auction 2019– Fee Structure. APLNG is supportive of the high-level principles (simplicity, reflective involvement and not unreasonably discriminating) that have been considered in proposing the fee structure. To that end APLNG provides the following comments on the proposed fees structure:

1. Period of fee structure and break –even period to recover costs

APLNG supports the two-year term to 30 June 2021 with a rolling three-year break-even period to even out fees and align the gas and electricity functions.

2. Fee structure for the CTP

APLNG is supportive of the fixed and variable fee for the CTP but thinks that the following issues need to be clarified:

- As the GSH has an annual license, APLNG assumes that the CTP fixed fee will also be an annual fee as well?
- Will the variable fee for the daily, weekly and monthly products be the same or will there be a smaller fee for the longer terms?
- What is the magnitude of the fixed costs (set- up costs) to develop the CTP to date and will all these costs be recouped in the first period?
- What is the estimated variable costs to operate the CTP each year (that will be divided by the usage)?
- How will the common costs to operate the Transport system for the GSH and CTP be allocated to each market – based on volume?

3. Fee structure for DAA

APLNG is supportive of a variable fee structure reflective of a participant's activities in the auction to the extent the fee is reflective of each participant's use. Some additional clarifications would need to also be considered, such as:

- What is the magnitude of the fixed costs to develop the DAA and how will these fees be recouped by the variable fee?
- What is the estimated variable costs to operate the DAA each year (that will be divided by the usage)?
- If in the first 2 year period the DAA utilisation is very light, is there a risk that the variable fee will be disproportionately high?

4. Registration fee related to the new markets.

APLNG is supportive of a registration fee for new participants to cover the costs to review each application. APLNG assumes that there is no overlap between the registration fee and the fixed licensing fee for the CTP.

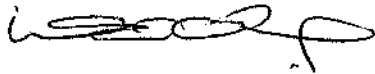
5. Fee structure to recover AEMO's costs associated with the OTS Code Panel.

APLNG believes that the costs associated with the OTS Code Panel will be small and that time related to persons representing transportation service providers and facility users should be volunteered. Any remaining costs should be recovered from the variable fee associated with both the CTP and DAA.

As a general comment, it would be very helpful to know the estimates for the magnitude of the fixed and variable fees based on different volumes usages prior to the 1 March implementation.

Thank you for the opportunity to provide these comments, should you have any questions or would like to discuss this submission further, please contact Darren Meznarich at 07 3021 3350 or Darren.meznarich@aplng.com.au

Yours sincerely



Warwick King
Chief Executive Officer
Australia Pacific LNG Pty Limited