



SHELL AUSTRALIA

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Submitted by email to:

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FEEDBACK ON CONSULTATION PAPER

Gas Pipeline Capacity Trading and Day Ahead Auction 2019 - Fee Structure

Shell Australia welcomes the opportunity to provide feedback to the Australian Energy Market Operator (AEMO) on the consultation paper “Gas Pipeline Capacity Trading and Day Ahead Auction 2019 - Fee Structure”. In principle, Shell agrees with the general guiding principles in the paper which includes simplicity, reflective involvement, consistency and efficiency. It also considers fee structures that recover costs from all participants and users that benefit from services appropriate. That being said, AEMO should take a long-term approach to setting fee structures. While we recognise that AEMO needs to recover its costs from the market, these fees add to the cost of transacting on AEMO’s exchanges and participants have a choice to trade on or off market. As such, there is an argument to successfully establish a new market there is benefit in discounting the fees in the initial period (and recover these in subsequent periods) to encourage participants to use the platform/exchange. Furthermore, AEMO could also look to develop some innovative fee structures such a bundling and discounting transactions across both the Capacity Trading Platform and the Gas Supply Hub. We encourage AEMO to consider these points in relation to this consultation and in developing its fee methodologies more generally.

Section	Comments and Feedback
CTP fee structure Gas Supply Hub fee structure as a potential	Shell is generally supportive of aligning the fee structure of the Capacity Trading Platform (CTP) with that of the existing Gas Supply Hub (GSH). It is unclear if the proposal includes a fixed fee for the GSH market and a fixed fee also for the CTP, though given the automatic access on the trading platform for existing participants, an additional fee to use the CTP should not be required. Should a fixed fee be applied to the CTP module, existing participants should have the option to opt out.
DAA fee structure Considerations of other market structures	Shell is supportive of a variable transaction fee based on capacity purchased on the Day Ahead Auction (DAA) platform. An estimate or proposal of this variable transaction fee from AEMO would be beneficial.



Registration fee	<p>The implementation of registration fees across all areas of the capacity trading reform package may not be an efficient and equitable approach. A registration fee for new market participants or reporting entities to the CTP, DAA and National Gas Bulletin Board might be appropriate to recover costs to AEMO for the management of the registration process and platforms however, the industry would benefit from an estimate and overview of costs incurred and where appropriate, incremental costs are incurred to existing platforms.</p>
Period of fee structure	<p>Shell is supportive of aligning the review and maturity date of all gas functions fee structure. This ensures consistency and an efficient process of review across all AEMO gas markets.</p>
OTS Code Panel	<p>The methodology for allocating these costs will be dependent on the magnitude of these costs. At this point there is no evidence to suggest they will be significant (i.e. no IT set-up, which is expensive) rather they will most likely relate to administrative activities. As such, they should either be absorbed by AEMO or bundled as part of the broader gas market participant fees. We view these costs as similar to those associated with the various industry reference groups and as far as we are aware these are not specifically allocated.</p>

Please direct further questions on the submission to Alice.Paradisi@shell.com