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**Australian Energy Market Commission**

**Submitted via the AEMC website**

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**Submission to NT Emergency Gas Supply Arrangements consultation paper**

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) consultation paper on the NT Emergency Gas Supply Arrangements (**Consultation Paper**).

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. AGL has a long history of involvement in Eastern Australian gas markets and aside from delivering gas to over 1.4 million customers, AGL also utilises gas in power generation, is a gas shipper and owns gas facilities across the east coast.

While AGL is not currently active in the Northern Territory gas market, we are generally interested in developments regarding gas market transparency. We are observing a further push towards greater transparency across all parts of the supply chain. An efficient level of transparency is important to reduce information asymmetries between market participants and facilitate efficient business decision-making. Our overarching comment on this issue is to make sure the benefits of greater levels of reporting outweigh the additional administrative (and other) costs it places on market participants. There is a risk that market participants are required to provide more information, incurring costs and business risks, without identifying the specific market participants that would benefit from the additional information, and exactly how they would use the information to make more efficient business decisions.

**Northern Territory arrangements**

The Consultation Paper is considering whether the LNG related gas facilities that are upstream from the Wickham Point Pipeline (the **upstream gas facilities**) should be exempt from reporting to the Bulletin Board. There are several arguments put forward for this request, including:

- The upstream gas facilities are primarily for LNG export and gas is not intended for the domestic market. Only a small volume of this gas is transported to the domestic market, where there is a domestic supply shortfall.
- Currently the LNG projects do not source gas from the NT domestic market. Darwin LNG is not capable of taking gas from the domestic market. Ichthys LNG is capable of taking gas from the domestic market, but typically does not for economic reasons.
- Any gas flows into the domestic market would be captured by the Wickham Point Pipeline reporting to the Bulletin Board.
- Reporting certain operational information may affect the international competitiveness of these LNG projects.



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The Bulletin Board reporting obligations apply to gas facilities regardless of their location. Facilities that have a nameplate rating of more than 10 TJ per day (and that are not otherwise exempt) are captured by the reporting requirements, as this was considered a suitable threshold to identify gas flows that can impact the business decisions of other participants that are connected to the network.

AGL considers it important that these regulatory obligations are applied consistently. The relevant question in this case is whether the domestic market can be affected by the decisions of the LNG companies regarding the upstream gas facilities. That is, does the gas infrastructure allow for gas flows that can affect domestic market participants, and would Bulletin Board information enable more efficient business decisions.

We note that decisions to inject into the gas market are just as relevant for market participants as decisions to withdraw gas. A large injection of gas can depress gas prices and affect business decisions of users and other shippers.

Also, the existing market conditions and commercial agreements can change over time, particularly if pricing signals change or gas fields become depleted and replaced. AGL suggests that existing arrangements should not be a relevant consideration for the AEMC's decision.

#### **International exposure of LNG companies**

LNG companies are internationally exposed and can be adversely affected by reporting obligations that go beyond what is reported by in other jurisdictions, particularly where the information is commercially sensitive and provides a competitive advantage. In particular, any information that enables calculation of the sale price of LNG or other terms and conditions of individual contracts is highly confidential and should not be published.

As this rule change would apply to the upstream gas facilities and not the LNG exports themselves, AGL does not consider the reporting of nameplate information, actual and forecast flows, and capacity outlooks to have a significant impact on international competition.

If you have any queries about this submission, please contact Jenessa Rabone on (02) 9921 2323 or [JRabone@agl.com.au](mailto:JRabone@agl.com.au).

Yours sincerely,

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