

Notice to Gas Supply Hub Exchange Members of AEMO's decision to make amendments to the Gas Supply Hub Exchange Agreement for the Moomba hub implementation

This Notice advises all Gas Supply Hub Exchange members and other interested stakeholders that AEMO has completed its consultation for the *Gas Supply Hub Proposed Exchange Agreement Amendment – Moomba Implementation (IIR 004)*. AEMO proposed changes to the Exchange Agreement to implement and support the trading of physical gas at Moomba as well as Spread products on the Gas Supply Hub.

Taking into account the assessment provided in the Impact and Implementation Report (IIR), and comments received on the proposed Exchange Agreement amendments, AEMO has decided to make the proposed amendments to the Exchange Agreement, effective from 1 June 2016.

The changes will be incorporated in version 5.0 of the Exchange Agreement by including:

- Additional Schedules for two Moomba trading locations and delivery points, Moomba to Sydney Pipeline (MSP) and Moomba to Adelaide Pipeline System (MAP) product specifications, and product specifications for Spread Products;
- Additional sections to support trading of Spread Products and to allow Implied Orders to be generated on the exchange; and
- An update to the drafting of the existing Balance-of-day product specifications (schedule 6) to clarify the Start Time of a transaction.

An explanatory note has been added to the *Gas Supply Hub Exchange Fees Procedure* to describe the determination of fees for transactions resulting from the matching of Spread Product orders.

The *Gas Supply Hub Interface Protocol* has been updated to reflect a new version of the *Guide to Gas Supply Hub Reports*. The new version of the *Guide to Gas Supply Hub Reports* includes examples of data that will be included in existing reports for Moomba orders and transactions (Note that a subsequent change *Guide to Gas Supply Hub Reports* is the subject of an additional consultation for Moomba implementation - [link](#)).

AEMO received one submission from stakeholders in response to the proposed amendments to the Exchange Agreement as outlined in the IIR. A summary of the comments is shown in Attachment A.

AEMO identified a scenario associated with the forming of transactions through the matching of Spread Product orders (section 13.5.4) that could result in a transaction price below the Minimum Price defined in the relevant product specification. AEMO has revised the drafting of section 13.5.4 (as set out in Attachment B) to ensure that the price of transactions formed through the matching of Spread Product orders does not fall below the relevant Minimum Price.

As required by the Gas Supply Exchange Agreement clause 3.3(d) (iv), AEMO informs Participants that version 5.0 of the Gas Supply Exchange Agreement will be effective from 1 June 2016.

Notice Date: X April 2016

Attachment A: Summary of stakeholder comments on Gas Supply Hub Exchange Agreement Consultation IIR

Organisation	Summary of comment	AEMO's Response
Origin Energy	<p>Origin is concerned about the adequacy of secondary allocation arrangements at Moomba. The trading of physical gas at Moomba on the GSH is anticipated to result in greater levels of trading and hence an increased need for secondary allocations.</p> <p>This is likely to be a challenge because:</p> <ul style="list-style-type: none"> • The operator of the Moomba Gas Plant does not have a direct contractual relationship with subsequent shippers, and • The operator of the Moomba Gas Plant would require commercially sensitive information to carry out allocations. 	<p>AEMO acknowledges the importance of secondary allocation arrangements at Moomba. Trading of existing Wallumbilla products through the GSH have been supported by the notional trading point services provided by the facility operator.</p> <p>AEMO understands that APA Group have developed services to support allocations and title transfer at the delivery points defined within the proposed Moomba to Sydney Pipeline (MSP) trading location. The allocation services developed include:</p> <ul style="list-style-type: none"> • Moomba gas plant: APA would perform an allocation (transfer title) between a producer (that enters into a service agreement) and a receipting shipper at the outlet of the Moomba gas plant; and • MSP notional trading point: APA would perform an allocation (transfer title) at the notional trading point between shippers (that have entered into a service agreement). <p>The services outlined above are anticipated to address the concerns raised in the submission. The new allocation services are expected to be available for the commencement of trading in the Moomba products.</p>
	<p>AEMO should assign an independent allocation agent (or look to undertake this role itself) to allow for effective management of both primary and secondary allocations.</p>	<p>As set out in the National Gas Law, AEMO's role as operator of the Gas Supply Hub includes the establishment, operation and administration of a gas trading exchange as well as the administration of the gas trading exchange agreement. While AEMO believes effective allocation arrangements are important to enable participation in physical gas trading at Moomba, AEMO is not able to assign an allocation agent at Moomba.</p>

		AEMO is not in a position to provide an allocation service at Moomba.
	It is vital that any allocation solution is cost effective so as to support liquidity at the hub.	Noted.

Attachment B: Revision to Exchange Agreement

AEMO identified a scenario associated with the forming of transactions through the matching of Spread Product orders (section 13.5.4) that could result in a transaction price below the Minimum Price defined in the relevant product specification. Section 13.5.4 (as set out in this attachment) has been revised to ensure that the price of transactions formed through the matching of Spread Product orders does not fall below the relevant Minimum Price.

Blue represents additions. Red and strikeout represents deletions – Marked up changes

13.5.4 Prices of Transactions formed by Spread Products

The Price for each Resulting Transaction is determined as follows:

- (a) if, before the time at which the Resulting Transactions are formed, the most recent Transaction on the Trading Day (determined by reference to the Time Stamps) in either the applicable Premium Product or the applicable Base Product is for the Base Product (“Recent Base Product Transaction”):
 - (i) the Price for the Resulting Transaction for the Base Product is the greater of:
 - (A) ~~same as~~ the Price for the Recent Base Product Transaction; and
 - (B) the Minimum Price (as specified in the Product Limits in the Product Specification for the Base Product) less the Spread Product Price and
 - ~~(i)~~(ii) the Price for the Resulting Transaction for the Premium Product is the ~~same as the~~ Price for the ~~Recent~~ Base Product Transaction as determined in 13.5.4(a)(i) plus the Spread Product Price; or
- (b) if, before the time at which the Resulting Transactions are formed, the most recent Transaction on the Trading Day (determined by reference to the Time Stamps) in either the applicable Premium Product or the applicable Base Product is for the Premium Product (“Recent Premium Product Transaction”):
 - (i) the Price for the Resulting Transaction for the Premium Product is the ~~same as~~ greater of the Price for the Recent Premium Product Transaction and the Spread Product Price; and
 - (ii) the Price for the Resulting Transaction for the Base Product is the ~~same as the~~ Price for the ~~Recent~~ Premium Product Transaction as determined in 13.5.4(b)(i) less the Spread Product Price; or
- (c) if there has not been a Transaction in either the applicable Base Product or the applicable Premium Product (being the same Products as the Resulting Transactions) on the Trading Day on which the Resulting Transactions are formed:

- (i) the Price for the Resulting Transaction for the Premium Product will be the greater of the Default Reference Price determined in respect of the previous Trading Day and the Spread Product Price; and
- (ii) the Price for the Resulting Transaction for the Base Product will be the Price determined under clause 1.1.1(c)(i) ~~13.5.4(e)(i)~~ less the Spread Product Price.

Attachment C: Amendments to the Exchange Agreement

Documentation Changes

See draft Exchange Agreement v5.0 with amendments to:

- Section 13.5: Spread Products
- Section 13.6: Implied Orders
- Schedule 3: Trading Locations and Delivery Points (Moomba)
- Schedule 6: Product Specifications for Balance-of-Day Gas (Wallumbilla)
- Schedule 9: Product Specification for Daily Gas (Moomba)
- Schedule 10: Product Specification for Day Ahead Gas (Moomba)
- Schedule 11: Product Specification for Balance-of-Day Gas (Moomba)
- Schedule 12: Product Specification for Weekly Gas (Moomba)
- Schedule 13: Product Specification for Monthly Gas (Moomba)
- Schedule 14: Product Specification for Day-Ahead Gas Spread Product (Moomba – Wallumbilla)
- Schedule 15: Product Specification for Daily Gas Spread Product (Moomba – Wallumbilla)
- Schedule 16: Product Specification for Monthly Spread Product (Moomba – Wallumbilla)

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Attachment D: Amendment to the GSH Procedures

Inclusion of a note with information on Spread Product transaction fees

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1. Gas Supply Hub – Exchange Fees

1. Exchange Fees

The fees set out below relate to Section 5.5 (Participation Fees) of the AEMO Gas Supply Hub Exchange Agreement.

These fees are current as per the date of this document and can be amended by AEMO at any point in future.

PARTICIPANT TYPE	FEE TYPE	RATE
Trading Participants	Fixed Fee – One user account licence	\$14,500 p.a. licence fee
	Fixed Fee – additional user account licences	\$5,500 p.a. licence fee
	Variable Transaction Fee*	\$0.03/GJ daily product fee; \$0.02/GJ weekly product fee; \$0.01/GJ monthly product fee.
Reallocation Participants	Fixed Fee	\$9,000 p.a.
Viewing Participants	Fixed Fee	\$5,500 p.a. licence fee

*Explanatory note: the Variable Transaction Fee in relation to the matching of orders in a Spread Product is payable on each Moomba and Wallumbilla transaction.

1. Gas Supply Hub Interface Protocol

4. GSH Interface Protocol Artefacts

FORM OF DOCUMENTATION	DOCUMENT	VERSION
Reports	Guide to Gas Supply Hub Reports Purpose: specify all of the reports published by the Operator on its Gas Hub Direct System (to trading participants and the public).	1.2 1.3