

Chemistry Australia Gas Transparency RIS Response 26/9/2019.

Attachment B Stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The SCO strongly encourages stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern.

Should stakeholders choose to provide additional feedback outside the template, they should reference the relevant question they are responding to.

1. Bulletin Board

Number	Questions	Feedback
1	Box 2.3 describes the purpose of the Bulletin Board. If the transparency measures outlined in this Consultation RIS are implemented, do you think that the purpose of the Bulletin Board should be further clarified (e.g. to capture both domestic and export oriented activities)? If yes/no please explain.	Yes, agree. The domestic gas market is now linked to the export gas energy market. Export volumes, and timings are relevant to domestic buyer's decision making. Given the likelihood of gas importing terminals, these volumes and timings should also be included. For gas feedstock facilities consuming large gas volumes, greater clarity should be provided to understand the type, level and frequency of reporting required by those facilities, and how the information will be used.

2. ACCC recommendations on reserves and resources reporting framework

Number	Questions	Feedback
2	<p>As noted in Table 3.3, the ACCC has recommended that annual movements in 2P reserves be reported. Do you think:</p> <ul style="list-style-type: none"> (a) an additional category of 'pricing' should be included to capture reserve adjustments due to changes in gas price assumptions? (b) reserves upgrades and downgrades should be combined into a single category? 	<p>Yes. There is an information asymmetry barrier to buyers where 2P reserves may be available, but no understanding about any threshold pricing that may be part of the decision of when to bring this gas to market. This situation adds to the potential for the exercise of market power of upstream gas stakeholders.</p> <p>It also discourages new opportunities buyers might wish to consider regarding alternative access arrangements including upstream joint venturing or other options.</p>
3	<p>As noted in Table 3.3, the ACCC has recommended that reserves and resources be reported on a field level. How do you think the term 'field' should be defined for this purpose? For example, do you think it should be defined by reference to a permit, or is greater guidance on how tenures are to be grouped into a field assist? Alternatively, do you think there should be a standard or requirement for naming fields? Please explain your response to this question.</p>	<p>The need ty here is to provide greater transparency about gas availability, its type, conditions, timing and other factors – and how this better informs buyers and other stakeholders.</p> <p>There are at least two considerations here:</p> <ol style="list-style-type: none"> 1. Consistency with the PMRS global standard methodology – to assist comparable decision making between areas, states and countries. 2. Whether permit or field level information is used, ensuring participants can better understand what type of gas, exists , its condition, accessibility, cost and pricing thresholds are material factors. <p>Large users of gas need to access large volumes of gas over typically 5 to 10-year periods. If individual permits or tenures restrict the visibility of these factors, then a field level view of that information seems likely to assist their decision making.</p>

3. Gas, LNG and infrastructure prices

Number	Questions	Feedback
4	<p>Do you agree with the information deficiencies that have been identified in Table 4.1? If you don't agree please explain why. Are there other pricing related information deficiencies that you think are adversely affecting the gas markets in eastern and northern Australia?</p>	<p>Yes, agree.</p> <p>Also: the impending import terminals will create an additional dynamic and levels of complexity that will require volume and pricing information transparency.</p> <p>Also: Greater transparency is required about the costs associated with liquefying what would otherwise have been domestic gas, but instead was converted into LNG for export, and that are included in domestic gas pricing.</p> <p>Domestic gas buyers buy gas, not LNG. Yet the gas they buy is priced as though it has been processed through an LNG facility, despite the facility not being part of the domestic supply chain. This includes what the ACCC's current LNG Netback series (October 2018) calls 'LNG plant opex' and typically includes the fixed and variable costs involved in liquifying what would otherwise have been domestic gaseous gas.</p> <p>Buyers are therefore paying for a service they don't need or require. Further, the current LNG Netback price methodology is adopted by other providers of gas on the east coast to correlate gas pricing for the domestic market, irrespective of whether that gas would have destined for LNG facilities or not. Even if it was so destined, it has still not been processed as LNG. Despite, these facts, buyers are expected to pay a premium for a service they are not receiving and have no visibility at all about what price component this represents.</p> <p>Ideally, the costs associated with liquifying gas into LNG would be borne by LNG buyers and factored into the long-term pricing required to underpin the understandably significant investment in LNG facilities. It would be difficult to imagine the required return on capital would be generated by comparatively minor domestic market volumes.</p>

5	<p>How significant an effect, do you think the information deficiencies identified in Table 4.1, are having on the gas markets in eastern and northern Australia and the broader economy?</p>	<p>Previous bilateral buyers require more detailed and dynamic information if they choose to be gas market participants or otherwise engage with the market to better secure volume, price and terms.</p> <p>Also: please refer to response in #4 re domestic gas priced as LNG. Buyers are materially hampered by being required to pay for this component in the first instance, but have no visibility about what the fraction even is.</p>
6	<p>Do you agree that the information deficiencies for gas, LNG export and infrastructure prices could be viewed as a market failure that will warrant government intervention? If not, please explain why.</p>	<p>Yes, they are market failures and warrant government intervention.</p>
7	<p>To what extent have you been using the existing information on the Bulletin Board and information published in the ACCC Gas Inquiry?</p>	
8	<p>Do you agree with the ACCC-GMRG's recommendations on how to address these information deficiencies, which would require the publication of the following (see section 3.3 for more detail)?</p> <ul style="list-style-type: none"> ○ production cost estimates; ○ short-term GSA prices; ○ long-term GSA prices; ○ LNG netback prices; ○ LNG export prices; and ○ the standing prices and actual prices paid for compression and storage facilities. <p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Largely yes, with a revision to the methodology for LNG netback.</p> <p>Domestic buyers buy gas, not LNG as stated previously. Their gas should not be priced as though it has been processed via an LNG facility. LNG facilities are not part of the domestic value-chain or gas networks. Currently domestic gas buyers are effectively being charged for an LNG liquification service they have never needed, are not using now, and will not need in the future. Domestic buyers should not be paying a premium equivalent to the capital, financing and liquification costs of LNG exporting infrastructure.</p> <p>Further, the current LNG Netback price becomes the default market price irrespective of whether the supply has any linkage to LNG facilities.</p> <p>This has the potential to also be reflected in any pricing thresholds for bringing reserves to the domestic market.</p> <p>On this basis of evidence, the current LNG netback methodology needs to be remedied as set out above. The price component should be made clear so buyers have confidence they are not being charged for a service they don't require.</p>

9	<p>Do you agree with the options that have been identified in section 4.3, or are there other options that could be considered? If you think there are other options that could be considered, please explain what they are, what they would involve and what the advantages, disadvantages, costs, benefits and risks are with these additional options.</p>	<p>As discussed in #4 and 8: More work is required to correct the LNG Netback methodology.</p>
10	<p>In relation to the options set out in section 4.3:</p> <ul style="list-style-type: none"> (a) What do you think the advantages, disadvantages, costs, benefits and risks are with each option? (b) What incremental benefits do you think are associated with options 2-4? (c) What incremental costs do market participants expect to incur under options 2-4? (d) Are there any refinements that could be made to these options to reduce compliance and reporting costs, whilst also ensuring any obligations are fit for purpose and achieve the NGO and the Energy Council's Vision as set out in Box 1.1? (e) Do you agree with the proposed reporting frameworks for short-term GSAs, swaps and/or secondary trades of storage capacity? If not, please explain what you think should change and why. 	<p>Largely agree with the proposed changes.</p> <p>Specifically, please refer to the previous comments on the need to change the LNG Netback methodology.</p>
11	<p>If you think the transparency measures set out in section 4.3 should be implemented through alternative means, please explain how you envisage this would work.</p>	<p>It will be important that the ACCC continue to play a central role in providing information and oversight supporting the implementation of the gas transparency measures. The specific focus on the needs of consumers will be required for at least the next 5 years so any intended improvements able to support a competitive gas market can be implemented and consolidated.</p> <p>For example, the regular publication of the current Gas Inquiry provides valuable insights for participants and policy makers on the experience of users in the market and observations on the dynamics within the market.</p>

		In particular, ensuring the ACCC maintains its regular LNG Netback reporting series – but re-calibrated to the revised methodology recommended above, will provide meaningful support for transparency improvement implementation.
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4. Supply and availability of gas

Number	Questions	Feedback
12	Do you agree with the information deficiencies that have been identified in Table 5.1? If you don't agree with the information deficiencies that have been identified, please explain why. Are there other gas supply and availability related information deficiencies that you think are adversely affecting the gas markets in eastern and northern Australia?	<p>Agree with the information deficiencies.</p> <p>The pricing thresholds of bringing these volumes to market are also relevant. This includes if they are calibrated to the current LNG Netback calculation methodology that includes paying for liquification services that are not provided.</p> <p>In particular, implementing Option 4 to improve LNG export demand-supply balance would materially assist avoiding previous policy and market failures where the anticipated volumes of CSG and other supply to meet export demand were not well understood and the domestic market were involved in meeting the export shortfall.</p> <p>It is important to note that there will be future information blind spots and gaps if the current information reported by the ACCC Gas Inquiry were to stop at the end of the current inquiry period or not replaced by other regulatory agencies with the profile the ACCC brings to the market and its participants, focused on the needs of users.</p>
13	How significant an effect do you think the information deficiencies identified in Table 5.1 are having on the gas markets in eastern and northern Australia and the broader economy?	<p>These deficiencies are significant to market participants for several reasons:</p> <ol style="list-style-type: none"> 1. Companies needing to negotiate simple GSA and GTA's need a more complete picture of the actual complexities and variables in availability to efficiently contract. Without this information, they are constrained to the status quo and the economic impacts this is already having. 2. Companies seeking to undertake different approaches (other than or in addition to GSAs and GTAs) to secure supply also need access to more complex

Number	Questions	Feedback
		<p>information. This is to confidently pursue options such as becoming market participants, swaps, joint arrangements, upstream investment options and the like.</p> <p>In particular, large gas users are often unable to secure the large parcels of gas from a single supplier for the required duration as they were previously able to do. This can require them to negotiate multiple contracts, including between multiple suppliers, for sometimes overlapping periods. This can also require them to move, or swap, gas between different parts of markets, over state borders and via different infrastructure</p> <p>Without this information, they are constrained to the status quo and the economic impacts this is already having.</p> <p>3. The future role of aggregators in identifying and actioning available supply to meet demand.</p> <p>4. Governments / policy makers need to be able to make more informed decisions about supply, particularly given they are considering new options for supply. These include the current, revised or alternatives to the ADGSM, a form of domestic gas reservation or other mechanism, as well as the need to bring on new supplies of gas, especially in the South. Without this information, gas users will continue to be constrained to the status quo and the economic impacts this is already having.</p>
14	<p>Do you agree that the information deficiencies regarding the supply and availability of gas could be viewed as a market failure that will warrant government intervention? If not, please explain why.</p>	<p>Yes, these information deficiencies are a market failure that require government intervention. Please refer to the responses to Q 12 and 13. In particular:</p> <ul style="list-style-type: none"> - The domestic market is now export linked and domestic users are unable to access previously affordable gas, despite gas being physically available. - Part of the reason for the market failure is the lack of information to users and policy makers about how much gas actually exists and how this will be brought to the markets
15	<p>To what extent have you been using the existing information on the Bulletin Board and information published in the ACCC Gas Inquiry?</p>	

Number	Questions	Feedback
16	<p>Do you agree with the AEMC's and ACCC-GMRG's recommendations on how to address these information deficiencies, which would require the publication of the following (see sections 3.1 and 3.3 for more detail)?</p> <ul style="list-style-type: none"> ○ 1P, 2P, 3P reserves, 1C and 2C contingent resources; ○ Links to public information on exploration activities; ○ Drilling activities; ○ Volume of gas contracted under existing GSAs; and ○ LNG import volume and operational information. <p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Yes. The information could be used by current users and prospective users wanting to make new downstream gas manufacturing and other investment decisions, including:</p> <ol style="list-style-type: none"> 1. Companies needing to negotiate simple GSA and GTA's need a more complete picture of the actual complexities and variables in availability to efficiently contract <p>In particular, large gas users are often unable to secure the large parcels of gas from a single supplier for the required duration as they were previously able to do. This requires them to negotiate multiple contracts, for sometimes overlapping periods. This can also require them to move, or swap, gas between different parts of markets, over state borders and via different infrastructure.</p> <ol style="list-style-type: none"> 2. Companies seeking to undertake different approaches to secure supply also need access to more complex information to confidently pursue options such as becoming market participants, swaps, joint arrangements, upstream investment options and the like. 3. The future role of aggregators in identifying and actioning available supply to meet demand. 4. Governments / policy makers need to be able to make more informed decisions about supply, particularly given they are considering new options for supply. These include the current, revised or alternatives to the ADGSM, a form of domestic gas reservation or other mechanism, as well as the need to bring on new supplies of gas, especially in the South. 5. Industry associations and other analysts providing advice to governments.
17	<p>Do you agree with the options that have been identified in section 5.3, or are there other options that could be considered? If you think there are other options that could be considered, please explain what the options are, what they would involve and what the advantages, disadvantages, costs, benefits and risks are with these additional options.</p>	

Number	Questions	Feedback
18	<p>In relation to the options set out in section 5.3:</p> <ul style="list-style-type: none"> (a) What do you think the advantages, disadvantages, costs, benefits and risks are with each option? (b) What incremental benefits do you think are associated with options 2-4? (c) What incremental costs do holders of gas reserves and resources, LNG import and LNG export facilities expect to incur under options 2-4? (d) Are there any refinements that could be made to these options to reduce compliance and reporting costs, whilst also ensuring any obligations are fit for purpose and achieve the NGO and the Energy Council's Vision as set out in Box 1.1? 	<p>Agree - the options in 5.3 make sense to implement.</p> <p>In particular, Option 4 should be implemented to improve LNG export demand-supply balance. This would deliver a cost benefit improvement by helping avoid previously damaging policy and market failures where the anticipated volumes of CSG and other supply to meet export demand were not well understood and the domestic market were involved in meeting the shortfall.</p> <p>Deloitte Access Economics forecast the damage to the manufacturing sector of \$118bn between 2014 and 2021 in NPV terms, as a result of supply and price changes arising from the introduction of gas exporting arrangements.</p> <p><i>(Gas Market transformations – Economic consequences for the manufacturing sector), July 2014).</i></p> <p>A recent report by Acil Allen sets out the economic contribution of the Australian chemical industry. It notes the \$38Bn sector uses 132Pj of gas (~3% of what Australia produces) and adds \$286m per PJ to the economy.</p> <p>Given the current and anticipated supply tightness and corresponding price pressures, this key sector remains vulnerable to ongoing investment and re-investment. Improved gas market information, consistency and its availability can play a material role in this sector adapting to the new market dynamics it now needs to deal with.</p> <p><i>(Chemical Industry Economic Contribution Analysis, 2017/18)</i></p>
19	<p>If you think the transparency measures set out in section 5.3 should be implemented through alternative means, please explain how you envisage this would work.</p>	

2. Demand for gas

Number	Questions	Feedback
20	Do you agree with the reporting information inconsistencies that have been identified in section 6.1? If you do not agree, please explain why. Are there other demand related information deficiencies that are adversely affecting the gas markets in eastern and northern Australia?	Yes, agree.
21	How significant an effect do you think the demand related information deficiencies are having on the gas markets in eastern and northern Australia and the broader economy?	The demand related information deficiencies continue to have a significant impact on these markets and the broader economy.
22	Do you agree that the information deficiencies identified in the demand for gas could be viewed as a market failure that will warrant government intervention? If not, please explain why.	Yes, these are a market failure warranting government intervention.
23	To what extent have you been using the existing information regarding LNG exporters' demand-supply balance as published in the ACCC Gas Inquiry?	
24	<p>Do you agree with the AEMC's and ACCC-GMRG's recommendations on how to address these information deficiencies, which would require the publication of the following (see sections 3.1 and 3.3 for more detail)?</p> <ul style="list-style-type: none"> ○ Large users' information on nameplate capacity and daily actual gas consumption; ○ LNG export facility operational information; and ○ LNG export facility shipment information. <p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Yes, agree.</p> <p>Also: it will be important to protect commercially sensitive information of large users. The stated exemptions listed on page 77 may be able to achieve these.</p> <p>Also: COAG EC will need to be mindful of adding compliance costs in addition to the costs already incurred by users to deal with the market failures and complexities as a result of the changed market conditions arising from LNG exporting. These may add up to thousands of dollars a year for users who are one of the focal points of this regulatory reform.</p> <p>Another consideration may be the 1TJ/day threshold and how it is applied. For example, a higher threshold may more accurately inform demand /supply balance,</p>

Number	Questions	Feedback
		given much larger demand volumes influence the market liquidity more substantially.
25	<p>Do you agree that requiring large users, LNG facility operators and LNG export facilities to report the information set out in section 6.3 will benefit market participants?</p> <p>(a) If so, please explain how you would use this information and the benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Yes, agree.</p> <p>In addition, it will be important to protect commercially sensitive information of large users. The stated exemptions listed on page 77 may be able to achieve these.</p> <p>Having greater visibility of actual demand will assist with contracting opportunities, take or pay terms, as well as assisting governments to bring on new supplies.</p> <p>It will also be important to ensure that there is no information duplication that results in added costs for no additional benefit.</p>
26	<p>Do you agree with the list of information that large users, LNG facility operators and LNG export facilities would be required to report (e.g. do you agree that LNG facility operators should be required to report on the volume of LNG in storage facilities)?</p> <p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Yes, agree.</p> <p>It will be important to capture LNG importing facilities and related infrastructure in the proposed arrangements.</p>
27	<p>Do you think that Northern Territory LNG facilities should be included or exempt from reporting the proposed operational and shipment information? Please explain your view.</p>	<p>Included – to provide an equitable and complete picture of the markets, given they are now connected.</p>

Number	Questions	Feedback
28	Do you have any suggestions for alternative/additional information that would improve demand side information on the Bulletin Board? If so, please explain your suggestions.	
29	<p>In relation to the LNG export information:</p> <p>(a) Are there any reasons why LNG exporters should not be required to report on exports to AEMO for publication on the Bulletin Board? If so, please explain why.</p> <p>(b) Are there any constraints on the ability of LNG exporters to report this information to AEMO? If so, please explain what the constraints are.</p> <p>(c) Do you agree the 20 business day lag is required to address potential concerns about the publication of LNG export information and if so, is this measure effective? If not, what would address those concerns?</p>	(a) No reasonable reason for LNG exporters not to report
30	Do you agree with the options that have been identified in section 6.3, or are there other options that could be considered? If you think there are other options that could be considered, please explain what the options are, what they would involve and what the advantages, disadvantages, costs, benefits and risks are with these additional options.	
31	<p>In relation to the options set out in section 6.3:</p> <p>(a) What do you think the advantages, disadvantages, costs, benefits and risks are with each option?</p> <p>(b) What incremental benefits do you think are associated with options 2-4?</p>	<p>Consideration needs to be given to suitable visibility for anticipated and unanticipated supply interruptions, curtailments and other loss of supply.</p> <p>This includes the heightened likelihood of gas fired electricity peaking plants consuming gas due provide NEM certainty.</p> <p>Consideration also needs to be given to additional cost burdens on gas feedstock users, who have already had to increase their internal capability and costs.</p>

Number	Questions	Feedback
	<p>(c) What incremental costs do LNG exporters, LNG facility operators and large users expect to incur under options 2-4 in section 6.3?</p> <p>(d) Are there any refinements that could be made to these options to reduce compliance and reporting costs, whilst also ensuring any obligations are fit for purpose and achieve the NGO and the Energy Council's Vision as set out in Box 1.1?</p>	<p>Consideration also needs to be given to unintended consequences arising from the publishing of price offers as this increase the likelihood of setting artificial price floors as well as increasing the potential for the exercise of market power by suppliers.</p>
32	<p>If you think the transparency measures set out in section 6.3 should be implemented through alternative means, please explain how you envisage this would work and how this would contribute to the NGO and the Energy Council's Vision as set out in Box 1.1.</p>	

3. Infrastructure used to supply gas to end-markets

Number	Questions	Feedback
33	<p>Do you agree with the information deficiencies that have been identified in section 7.1? If you don't agree with the information deficiencies that have been identified, please explain why? Are there other infrastructure related information deficiencies that you think are adversely affecting the gas markets in eastern and northern Australia?</p>	<p>Yes, agree.</p>

Number	Questions	Feedback
34	<p>How significant an effect do you think the infrastructure related information deficiencies are having on the gas markets in eastern and northern Australia and the broader economy?</p>	<p>The information deficiencies remain a significant issue for the markets.</p> <p>Users now need to contract gas in more complex ways than they have in the past. Infrastructure is often largely via monopoly providers.</p> <p>In particular, large gas users are often unable to secure the large parcels of gas from a single supplier for the required duration as they were previously able to do. This requires them to negotiate multiple contracts, for sometimes overlapping periods. This can also require them to move, or swap, gas between different parts of markets, over state borders and via different infrastructure.</p>
35	<p>Do you agree that the information deficiencies regarding infrastructure used to supply gas to end-markets could be viewed as a market failure that will warrant government intervention? If not, please explain why.</p>	<p>Yes, the information deficiencies outlined are a market failure warranting government intervention. Users are often locked into monopoly service provision.</p>
36	<p>Do you agree with the AEMC's and ACCC-GMRG's recommendations on how to address these information deficiencies, which would require the publication of the following (see sections 3.1 and 3.3 for more detail)?</p> <ul style="list-style-type: none"> ○ Proposed and committed infrastructure developments; ○ 36-month uncontracted capacity outlook for storage and stand-alone compression facilities, and production facilities providing third party access; ○ Stand-alone compression facilities to report operational information; and ○ A list of users with contracted capacity under storage and stand-alone compression facilities. 	<p>Yes, agree.</p>

Number	Questions	Feedback
	<p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p> <p>(b) If not, please explain why.</p>	
37	<p>Do you agree that requiring project proponents to provide the proposed information on gas infrastructure developments will deliver an overall net benefit to gas market participants and policymakers?</p> <p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p> <p>(b) If not, please explain why.</p>	<p>Yes. It will enable current and prospective users to better understand supply opportunities. This includes supply time-frames, given large feedstock users need to secure gas for 5-7 year incremental plant 'turn-arounds' or re-fits.</p>
38	<p>Do you agree that the requirement for entities to provide information on gas infrastructure developments should cover both 'proposed' and 'committed' developments set out in section 7.3? If not, please explain why.</p>	<p>Yes. Both are material for users with monopoly options.</p>
39	<p>Do you agree the rules requiring compression service facilities registered under Part 24 to provide operational information should extend to all stand-alone compression facilities that meet the reporting threshold? If not, please explain why.</p>	<p>Yes, agree.</p> <p>Consideration also needs to be given to unintended consequences where greater price transparency may result in less flexibility for more creative and novel arrangements that could be otherwise considered.</p>
40	<p>Do you agree the rules requiring compression service facilities registered under Part 24 to provide operational information should extend to all stand-alone compression facilities that meet the reporting threshold? If not, please explain why.</p>	<p>Yes, agree.</p>

Number	Questions	Feedback
41	Do you agree with the categories of information to be reported by compression service facilities set out in section 7.3? If not, please explain why.	Yes, agree.
42	Do you agree the proposed extension of the time-frame for uncontracted capacity outlooks from 12 to 36 months will deliver an overall net benefit to gas market participants? (a) If so, please explain how you would use this information and the net benefit it would provide. (b) If not, please explain why.	Yes. It will enable single users or aggregators to gain a more complete picture of supply availability.
43	Do you see value in extending the information requirement for a 36-month uncontracted capacity outlook to production facility operators that are providing third party access? (a) If so, please explain how you would use this information and the net benefit it would provide.	Yes, agree.
44	Do you agree that requiring Bulletin Board compression facilities and Bulletin Board storage facilities to provide a list of users with contracted capacity for publication on the Bulletin Board will deliver an overall net benefit to gas market participants?	Yes, agree. In addition, it will be important to protect commercially sensitive information of large users. The stated exemptions listed on page 77 may be able to achieve these.
45	Do you agree that the materiality threshold should be changed? If not, please explain why.	The materiality threshold needs to be re-examined. Multiple units of sub-threshold gas volumes become meaningful to participants, aggregators and others seeking to secure supply, often over multiple parts of the market, via different facilities and infrastructure types.
46	Do you agree with the options that have been identified in section 7.3, or are there other options that could be considered? If you think there are other options that could be considered, please	Agree. Option 4 may provide benefit to new methods of contracting, including aggregators and participants operating over multiple infrastructure types and owners.

Number	Questions	Feedback
	<p>explain what the options are, what they would involve and what the advantages, disadvantages, costs, benefits and risks are with these additional options.</p>	
47	<p>In relation to the options set out in section 7.3:</p> <ul style="list-style-type: none"> (a) What do you think the advantages, disadvantages, costs, benefits and risks are with each option? (b) What incremental benefits do you think are associated with options 2-4? (c) What incremental costs do entities developing new gas infrastructure, operators of storage and stand-alone compression facilities, and facilities with a capacity of 10-30TJ/day expect to incur under options 2-4 in section 7.3? (d) Are there any refinements that could be made to these options to reduce compliance and reporting costs, whilst also ensuring any obligations are fit for purpose and achieve the NGO and the Energy Council's Vision as set out in Box 1.1? 	
48	<p>If you think the transparency measures set out in section 7.3 should be implemented through alternative means, please explain how you envisage this would work and how this would contribute to the NGO and the Energy Council's Vision as set out in Box 1.1.</p>	

4. Gas Statement of Opportunities (GSOO)

Number	Questions	Feedback
49	Do you agree that the GSOO should be expanded to include the Northern Territory now it is connected to the eastern and northern Australian gas markets? If not, please explain why.	Yes, agree.
50	Do you agree that the current voluntary requirement for market participants to provide information to AEMO results in a poor quality of information in the GSOO? If not, please explain why.	Yes, agree.
51	Do you agree that compelling market participants to provide information required for GSOO preparation will benefit the quality of information in the GSOO? If not, please explain why.	Yes, agree.
52	Do you agree with the options that have been identified in section 8.3, or are there other options that could be considered that would result in the GSOO better achieving its objective? If you think there are other options that could be considered, please explain what the options are, what they would involve and what the advantages, disadvantages, costs, benefits and risks are with these additional options.	
53	In relation to the options set out in section 8.3: (a) What do you think the advantages, disadvantages, costs, benefits and risks are with each option? (b) What incremental benefits do you think are associated with option 2?	The implementation of Option 2 in 8.3 is important for a range of reasons: 1. It better enables Australia to be globally competitive for investment in downstream gas-manufacturing and processing opportunities. This includes businesses seeking to invest, producers and infrastructure owners wanting to supply, and governments needing to support new supplies and other incentives.

	<p>(c) What incremental costs do market participants expect to incur under option 2?</p> <p>(d) Are there any refinements that could be made to option 2 to reduce compliance and reporting costs, whilst also ensuring any obligations are fit for purpose and achieve the NGO and the Energy Council's Vision as set out in Box 1.1?</p>	<p>2. It better enables current gas-based manufacturers with existing investments needing to make plant turnaround decisions (periodic updates etc.)</p> <p>3. It should also enable users and governments / policy makers to better assess the difference between the provision of supply sufficient to meet regulatory thresholds (eg ADGSM) and sufficient gas that ensures liquidity and a competitive market.</p> <p>Consideration needs to be given about how changes, contingencies and other variables regarding gas peaking plants and other foreseeable volatilities are practically managed and advice provided to the market about the process, methodology and timing of these.</p>
54	If you think the transparency measures set out in section 8.3 should be implemented through alternative means, please explain how you envisage this would work how this would contribute to the NGO and the Energy Council's Vision as set out in Box 1.1.	

5. Risk analysis

Number	Questions	Feedback
55	Do you agree with the identified risks and treatments associated with maintaining the status quo, as set out in Tables A.1 and A.2? If not, please explain why. If you think there are other risks and treatments that could be included in Tables A.1 and A.2, please elaborate.	<p>Yes – largely accurate. However, the following are relevant caveats:</p> <p>1. The Risk analysis needs to also consider the timing and sequencing of the implementation of the proposed changes. If the intended changes are too late, they compound the current market failures and the damage being borne by users, not remedy them.</p>

Number	Questions	Feedback
		<ol style="list-style-type: none"> 2. In relation to Gas, LNG export and infrastructure prices, the proposed risk treatments will fall short of their intended remediation without changing the LNG Netback calculation methodology as Chemistry Australia has recommended. Gas buyers by gas, not LNG. They should not be paying for a new service they don't need, or for which is not connected to the domestic supply chain. Either way, transparency must be provided about what the costs of this service is so buyers know if they are being charged for it or not. 3. The Risk analysis also needs to better consider users being asked to indirectly or directly pay for the increased reporting and compliance costs born by other parts of the supply chain. Where these costs and obligations enable the market to meet the intentions of the National Gas Objective, they should not be considered as penalties to users. 4. It will be important that the current reporting and analysis provided by the ACCC be continued by either the ACCC or another suitable regulator with a primary focus on the rights of consumers. able to manage the complex market dynamics.
56	Do you agree with the identified risks and treatments associated with implementing recommendations described in options 2, 3, and 4, as set out in Tables A.3 and A.4? If not, please explain why. If you think there are other risks and treatments that could be included in Tables A.3 and A.4, please elaborate.	

6. Cost Benefit Analysis

Number	Questions	Feedback
57	Are you aware of any upcoming changes at a government level or private sector level that the CBA should take into account under the status quo scenario? If so, please explain what the changes are and how best to account for those changes in the CBA.	
58	Do you agree with the identified costs and benefit categories set out in Table 9.2? If not, please explain why? If you think there are other costs and benefit categories that could be considered in the CBA, please explain those cost categories and how best to capture them in the CBA.	<p>The categories appear to provide a useful reference.</p> <p>However, the cost / benefit analysis should take into account the relevant value that different uses of gas provide to the economy. Importantly, one PJ of gas used by one sector does not deliver the same value as do others. The cba need to ensure Australia is able to gain all the benefit from all of the value of gas and how it is used. Assuming an average PJ benefit is fundamentally incorrect and would not deliver this outcome. Based on this, a one size fits all approach may not be automatically suitable.</p> <p>Some sectors such as LNG deliver their benefit via large, constant volumes. Other sectors such as gas- powered generation deliver their value via periodic and peaking volumes. The chemistry industry delivers its benefit via a much higher value-adding capability. And it does this by using a small, 3% of Australia's total gas production. Yet the current market failures, that this transparency RIS seeks to remedy, are having an significantly damaging impact on.</p> <p>A recent report by Acil Allen investigated and reporting on the economic contribution of the Australian chemical industry. It notes the \$38Bn sector uses 132PJ of gas (~3% of what Australia produces) and adds \$286m per PJ to the economy. This contrast to the 33 x the volume benefits of LNG and 68 x the volume benefits of power generation.</p> <p><i>(Chemical Industry Economic Contribution Analysis, 2017/18)</i></p>
59	Do you have any information on the costs and benefits outlined in Table 9.2? If so, please elaborate on the components and quantum of the costs and benefits.	Please see above comments in #58.

Number	Questions	Feedback
60	Do you agree with the proposed discount rate and appraisal period input variables to be used for the central case and sensitivity testing? If not, please explain why.	Please see above comments in #58.
61	Do you think there are other input variables which should be sensitivity tested in the CBA? If so, please explain what other input variables should be tested.	Please see above comments in #58.

7. Commonwealth Regulatory Burden Measure Analysis

Number	Questions	Feedback
62	Do you have any information on the regulatory burden costs related to existing reporting requirements? If so, please elaborate on the components and quantum of the costs.	Please see above comments in #58.

8. Competition Effects Analysis

Number	Questions	Feedback
63	Do you agree with the proposed approach to qualitatively assess the competition implications of each policy option described in this RIS paper? If not, please explain why.	<p>Please see above comments in #58.</p> <p>It is also important that Australia's comparative global competitiveness to attract investment in downstream gas-based manufacturing and other processing be considered.</p> <p>The recent ACCC Gas Inquiry reported that Australia's east coast pricing compared with the delivered prices in competing economies was:</p> <ul style="list-style-type: none"> - 4th most expensive of the 5 gas exporting economies, and - 8th most expensive of the 12 gas importing economies.
64	Do you agree with the categories of key stakeholder groups identified for this analysis? If not, please explain why.	Please see above comments in #58.
65	Do you agree with the proposed seven-point scale to be used for this analysis? If not, please explain why.	<p>Please see above comments in #58.</p> <p>It is also important that Australia's comparative global competitiveness to attract investment in downstream gas-based manufacturing and other processing be considered.</p> <p>The recent ACCC Gas Inquiry reported that Australia's east coast pricing compared with the delivered prices in competing economies was:</p> <ul style="list-style-type: none"> - 4th most expensive of the 5 gas exporting economies, and - 8th most expensive of the 12 gas importing economies.
66	Do you have any information on potential competition effects arising from each of the policy options summarised in Table 9.1 ? If so, please elaborate.	

9. National Gas Law Amendments

Item number	Amendment	Issue	Feedback
	Part 1	Preliminary	
1	[Insert section and subsection reference]	[Insert section/subsection text]	
2	[Insert section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	
	Part 2	Amendment of National Gas Law	
3	[Insert section and subsection reference]	[Insert section/subsection text]	
4	[Insert section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	

10. National Gas Regulations Amendments

Item number	Amendment	Issue	Feedback
	Part 1	Preliminary	
1	[Insert section and subsection reference]	[Insert section/subsection text]	
2	[Insert section and subsection reference]	[Insert section/subsection text]	

Item number	Amendment	Issue	Feedback
	[insert extra rows if necessary]		
	Part 2	Variation of National Gas (South Australia) Regulations	
3	[Insert section and subsection reference]	[Insert section/subsection text]	
4	[Insert section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	

11. National Gas Rules Amendments

Item number	Amendment	Issue	Feedback
	Part 15B	Procedures	
1	[insert section and subsection reference]	[Insert section/subsection text]	
2	[insert section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	
	Part 15D	Gas statement of opportunities	
3	[insert division, section and subsection reference]	[Insert section/subsection text]	

Item number	Amendment	Issue	Feedback
4	[insert division, section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	
	Part 17	Miscellaneous provisions relating to the AER	
5	[insert section and subsection reference]	[Insert section/subsection text]	
6	[insert section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	
	Part 18	Natural Gas Services Bulletin Board	
7	[insert division, section and subsection reference]	[Insert section/subsection text]	
8	[insert division, section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	
	Part 18A	Compression and storage terms and prices	
9	[insert division, section and subsection reference]	[Insert section/subsection text]	
10	[insert division, section and subsection reference]	[Insert section/subsection text]	

Item number	Amendment	Issue	Feedback
	[insert extra rows if necessary]		