

Attachment A: Stakeholder feedback template

Submission from Senex Energy

The template below has been developed to enable stakeholders to provide feedback on Stage 2 of the development of the reliability and supply adequacy framework for the east coast gas market.

As noted in the consultation paper, Officials have not yet formed a view on whether a reliability standard, additional monitoring and communication tools or reliability and supply adequacy tools should be included in the framework. Officials are therefore interested in stakeholders' views on whether they think there is merit in including one or more of these additional elements in the framework and, if so, how they should be designed and implemented (e.g. as a package or sequenced in a particular way). There may of course be other options that are not identified in this consultation paper, which Officials would welcome feedback on.

Officials strongly encourage stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. If you wish to provide additional feedback outside the template, wherever possible please reference the relevant question to which your feedback relates.

Chapter 2: Reliability Standard

No.	Questions	Feedback
Section 2.2: Questions on the potential need for and role a reliability standard could play		
1	Do you think there is value in including a gas market reliability standard in the reliability and supply adequacy framework? Please explain your response.	<p>Senex agrees that there is value in including a gas market reliability standard in the reliability and supply adequacy framework.</p> <p>This will help to identify threats to system security earlier and to enable participants to actively de-risk their portfolios through periods of uncertainty and the ability to offer a potential market response.</p>
2	What, if any, impact(s) do you think the introduction of a gas market reliability standard could have on market participants and the market more generally?	<p>The introduction of a gas market reliability standard could have the following impacts on market participants/the market:</p> <ul style="list-style-type: none"> ▪ Greater transparency of information made available to participants ▪ More accurate supply/demand disruption signals to the markets to make informed commercial decisions ▪ Should be used in conjunction with addressing the key issue of additional supply in the east coast gas market

No.	Questions	Feedback
3	Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing a gas market reliability standard?	<p>Qualitatively, the main costs, benefits and/or risks of implementing a gas market reliability standard are:</p> <ul style="list-style-type: none"> ▪ More burdensome reporting requirements ▪ Additional resourcing to deal with increasing reporting requirements ▪ Risk that information is reported incorrectly and not within a timely manner leading to mis-leading signals about the market
4	Do you think a reliability standard is the appropriate solution to address the potential problems set out in section 2.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and explain why you think they are more appropriate.	Senex agrees that a reliability standard is the appropriate solution to address the potential problems set out in section 2.2.1 however should be delivered with an appropriate PASA framework.

No.	Questions	Feedback
Section 2.3.1: Questions on reliability standard design options		
5	<p>If a decision is made to implement a gas market reliability standard, what form do you think it should take:</p> <ol style="list-style-type: none"> a. A USG standard with either: <ol style="list-style-type: none"> i. a common standard that applies across the east coast (Option 1a)? ii. different standards for northern and southern jurisdictions (Option 1b)? b. A peak demand standard with either: <ol style="list-style-type: none"> i. a common standard that applies across the east coast (Option 2a)? ii. different standards for northern and southern jurisdictions (Option 2b)? c. A deterministic N-1 redundancy standard that focuses on the resilience of the supply infrastructure (i.e. production, storage or transportation infrastructure) in the east coast or on a northern and southern jurisdictional basis to either: <ol style="list-style-type: none"> i. an outage of the largest supply infrastructure in the east coast or on a regional basis (i.e. in northern jurisdictions and southern jurisdiction basis (Option 3a)? ii. an outage of individual components of key infrastructure (Option 3b)? d. A combination of options 1 and 2 (i.e. a dual annual USG and a peak demand reliability measure), with either: <ol style="list-style-type: none"> i. common standards that apply across the east coast (Option 4a)? ii. different standards for northern and southern jurisdictions (Option 4b)? e. A combination of options 1, 2 and 3 (i.e. a tripartite annual USG, peak demand and N-1 redundancy measure), with either: <ol style="list-style-type: none"> i. common standards that apply across the east coast (Option 5a)? ii. different standards for northern and southern jurisdictions (Option 5b)? f. Another option not identified in the consultation paper? If you think another option should be considered, please explain what the standard is and why you think it would be more appropriate than the options listed above. <p>Please explain your responses to these questions and any views you may have on the levels at which these standards should be set.</p>	<p>Senex's view here is in line with option (f) in that there is another option that we have identified which should be considered. This would involve:</p> <ul style="list-style-type: none"> ▪ A combination of 'a probabilistic peak demand measure' and a 'deterministic N-1 redundancy standard' under options 2 and 3 ▪ Option 1 seems to address the issue of longer term disruptions to supply, for example information that can be found in the GSOO, whereas option 2 and 3 could address the need of shorter term information more readily available to the market to make informed commercial decisions ▪ A 'peak demand measure' updated on a weekly basis would provide greater clarity on the state of the market and provide time for producers/users to come together to make alternative arrangements to gas usage in the lead up to a peak demand period. ▪ Although gas is a far more concentrated market in terms of supply and transportation, a 'N-1 redundancy standard' could highlight the severity of a situation if a material production facility or pipeline is out of service, particularly when there is a P90 demand scenario. ▪ Senex's view is that the N-1 redundancy standard should be modelled on the EU's gas infrastructure standard meaning that if there is a disruption of the single largest infrastructure, the remaining infrastructure has sufficient capacity to satisfy total demand in a P90 scenario. This approach highlights the overarching requirement for investment in new supply to support the market in these events. We recommend that the biggest sources of supply be split based on their likely operational output. This would provide a clearer reliability standard. If for instance Longford was 100% offline, this would be catastrophic for the Victoria market and there would be limited intervention that could help to address the issues given the capacity constraints between the north and south of the eastern Australian gas market. <p>We acknowledge that if a decision is made to move forward with this, then this will need to be reviewed at a later date.</p>
6	<p>If you think a USG standard (Option 1) should be implemented, do you think it will be capable of identifying potential shortfalls in peak day deliverability?</p>	<p>Senex's view here is that option 1 does not address the short-term adequacy of supply.</p>
7	<p>If a peak demand standard was to be</p> <ol style="list-style-type: none"> a. Do you think a 1-in-2 year, 1-in-10 year or 1-in-20 year standard should be adopted? Please explain your response. 	<p>If a peak demand standard was to be used under option 2 and 3, Senex's view is that a 1-in-10 year standard should be adopted, consistent with the NEM and GSOO.</p>

No.	Questions	Feedback
	<p>used under either Options 2 or 3:</p> <p>b. Do you think a different peak demand standard should apply to GPG? Please explain your response.</p>	<p>Senex believes that a separate peak demand standard for GPG could prove beneficial for participants. GPG usage is very reactive to market events and therefore forecasted use can change materially based on sudden changes. Due to this, GPG would require a lower standard as it is more difficult to forecast.</p>
8	<p>If an N-1 redundancy standard was to be used, do you think it should assume an outage of the largest supply infrastructure or sub-components of that infrastructure?</p>	<p>Senex's view here is that if a 'N-1 redundancy standard' was used, it could assume an outage of sub-components of the largest supply infrastructures on the east coast of Australia. For example, it would be unnecessary to factor in that Longford was completely shut-in when two thirds of the production facility were still operational.</p>
9	<p>Are there any specific matters you think need to be considered when estimating a gas VCR?</p> <p>a. Do you think widespread and long duration outages likely to be more relevant in gas than they are in electricity and should be factored into the gas VCR?</p> <p>b. Do you think an east coast wide VCR should be estimated, or do you think separate VCRs should be estimated for:</p> <p>i. each region (i.e. for southern jurisdictions and northern jurisdictions)?</p> <p>ii. each jurisdiction?</p>	<p>Senex's view here is that a VCR is not appropriate given our stance on not using the USG measure as a potential option for the reliability measure. If this path was chosen, may be appropriate to follow what is done in the NEM with the formation of the reliability panel.</p> <p>See response to 9(a)</p>
10	<p>Do you think the reliability standard should apply to natural gas only or could it apply to other covered gases that are suitable for consumption as natural gas (e.g. biomethane)? If it were to apply to other covered gases that are suitable for consumption as natural gas, what, if any effect, do you think this could have on the development of renewable gases?</p>	<p>Potentially, but needs further consideration on the impacts.</p>
11	<p>Are there any specific matters that you think need to be considered when determining the level of a gas market reliability standard?</p>	<p>N/A</p>
<p>Section 2.3.2: Questions on governance arrangements for a reliability standard</p>		
12	<p>Do you think that the governance arrangements for the reliability standard should be based on the standard NGR governance arrangements with:</p> <ul style="list-style-type: none"> - the AER responsible for estimating a gas VCR; and - the reliability standard specified in the NGR and the AEMC responsible for considering any rule changes related to the reliability standard and facilitated market parameters? <p>If not, please explain why.</p>	<p>Yes</p>

No.	Questions	Feedback
13	<p>Do you think there is a need to provide for periodic reviews of the reliability standard and facilitated market parameters? If so, who do you think should undertake these periodic reviews:</p> <p>a. the AEMC in consultation with market participants and market bodies?</p> <p>b. a gas market reliability panel?</p>	<p>Senex's view is that there should be a need to provide for periodic reviews of the reliability standard and facilitated market parameters.</p> <p>These should be undertaken by the AEMC in consultation with market participants and provided every three years. In extenuating circumstances, an interim review period could be done inside the proposed three year window.</p>
14	<p>If you think a gas market reliability panel should undertake the reviews, please set out:</p> <p>a. What you think the benefits would be of establishing such a panel relative to the AEMC undertaking the reviews in consultation with market participants and market bodies.</p> <p>b. If you think those benefits are likely to outweigh the costs and risks of establishing and maintaining such a panel.</p>	<p>Senex agrees that this could work well in practice drawn from industry expertise. The panel could be set up to address reliability standards, review of price caps and administered price caps during periods of volatility.</p> <p>N/A</p>
15	<p>Are there any other governance options that you think should be considered?</p>	<p>No</p>
Other feedback		
	<p>Please set out any other feedback you may have on a gas reliability standard here.</p>	<p>N/A</p>

Chapter 3: Monitoring and communication tools

No.	Questions	Feedback	
Section 3.2: Questions on the need for and role of additional monitoring and communication tools?			
16	Gas PASA	<p>a. Do you think there is value in providing for a gas PASA in the reliability and supply adequacy framework? Please explain your response.</p>	<p>Senex believes that there is value in providing for a gas PASA in the reliability and supply adequacy framework due to:</p> <ul style="list-style-type: none"> ▪ Promotes greater transparency for supply/demand in the gas network ▪ Enable tools for better short term commercial decisions ▪ Encourages broader understanding of the east coast gas market and supply/demand locational pressure points ▪ Might enable a market response from participants (e.g. shifts in maintenance periods if there is flexibility to do so)
		<p>b. What, if any, impact(s) do you think the introduction of a gas PASA could have on market participants and the market more generally?</p>	<p>Refer to response 16(a)</p>
		<p>c. Do you think a gas PASA is the appropriate solution to address the potential problems set out in section 3.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>Senex's view is that PASA will be an appropriate measure to address the potential problems set out in section 3.2.1 due to providing a systematic assessment of the reliability and adequacy of supply across the east coast.</p> <p>The Gas Bulletin Board does provide information relative to PASA inputs, however it isn't particularly transparent, user friendly or timely. The GSOO talks about relevant shortfalls, however this is at a point in time and not reflective of adjustments to maintenance, forced outages or up to date constraints within the network.</p>
17	Objective threat signalling mechanism	<p>a. Do you think there is value in providing for an objective threat signalling mechanism in the reliability and supply adequacy framework? Please explain your response.</p>	<p>Senex believes that there would be value in providing an objective threat signalling mechanism in the reliability and supply adequacy framework.</p> <p>Similar to the LOR mechanism in the NEM, it would indicate the urgency of threat to the market. Given that issues in gas generally tend to extend over a number of days, a threat signal could prompt suppliers/customers to more broadly think about their impact to the supply/demand equation through a period of uncertainty.</p> <p>This level of detail to be addressed in next phase.</p>
		<p>b. What, if any, impact(s) do you think the introduction of such a signalling mechanism could have on market participants and the market more generally?</p>	<p>Refer to response 17(a)</p>

No.	Questions	Feedback
	<p>c. Do you think an objective threat signalling mechanism is the appropriate solution to address the potential problems set out in section 3.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>Yes, this will be able to assist with the potential problems set out in 3.2.1. however this level of detail needs to be addressed in the next phase.</p>
18	<p>Advance notice of closure for supply infrastructure</p> <p>a. Do you think there is value in requiring an advance notice of closure for supply infrastructure mechanism in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think the introduction of such a notice could have on market participants and the market more generally?</p> <p>c. Do you think an advance notice of closure requirement for supply infrastructure is the appropriate solution to address the potential problems set out in section 3.2.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>Senex believes that there would be value in requiring an advance notice of closure for the supply infrastructure mechanism in the supply adequacy framework.</p> <p>Although large gas supply agreements are struck over longer dated periods, the advance notice of closure would promote greater clarity and again provide as a tool for making more informed commercial decisions. These types of notices could have material impacts on the forward contract value of gas and subsequently provide users with market signals as well additional investment signals.</p> <p>Senex also notes that this could apply for significant reductions in capacity at key production facilities and transportation services.</p> <p>Refer to response 18(a)</p> <p>Yes, can assist with the potential problems set out in 3.2.1. however this level of detail needs to be addressed in the next phase.</p>
Section 3.3.1.1: Questions on gas PASA regional boundaries		
19	<p>If a gas PASA was to be implemented:</p> <p>a. What approach to determining regional boundaries do you think would be of greatest use to market participants in terms of effectively conveying information on the nature of any reliability or supply adequacy threats?</p>	<p>Senex's view here is that regional boundaries should be set and regions should be able to be broken down by facility/pipeline filtered by size and percentage of capacity available.</p> <p>Senex believes that this information would mostly be readily available on the Gas Bulletin Board, however at this point in time, it is not presented in a manner that is appropriate for a PASA view.</p> <p>Determining regional boundaries needs further consideration in the next phase. Initial view here is that the PASA needs to be looked at wholistically as a gas market, with the ability to break down by regions if required.</p>

No.	Questions		Feedback
		<p>b. Do you think the regional boundaries should be the same as between an ST and MT gas PASA, or is there value in using smaller regions for an ST PASA?</p> <p>If you think there is value in using smaller regions for the ST gas PASA, please set out some examples of what the breakdown could be.</p>	Refer to response 19(a)
Section 3.3.1.2: Questions on gas PASA timeframes			
20	<p>If a decision was made to implement a gas PASA, do you think there would be value in requiring AEMO to publish:</p> <p>a. an ST gas PASA?</p> <p>b. an MT gas PASA?</p> <p>Please explain your response</p>		<p>Senex's view is that there would be value in publishing both a STPASA and a MTPASA:</p> <ul style="list-style-type: none"> ▪ The STPASA would be used for short term operational information and provide commercial signals to the market ▪ The MTPASA would be used for longer dated operational information and used to form opinions for longer dated commercial needs. This would also align with forward contracting periods when the ASX Wallumbilla futures trading exchange is implemented. ▪ The introduction of the MTPASA could also encourage more broader OTC trading.
21	<p>In relation to the information available to AEMO to prepare a gas PASA set out in Table 3.1:</p>	<p>a. Is there any additional information that you think AEMO would require to prepare an ST or MT gas PASA that has not been included in this table?</p> <p>b. What approach do you think should be used to forecast GPG demand for the purposes of an MT gas PASA? Please explain what this would involve.</p>	<p>No</p> <p>Historical GPG use by region year on year noting that this information could become quickly outdated given the need for more GPG used to firm renewables as the existing coal fleet rolls off and more households in the southern states move to electrification. This is another issue that can be dealt with the next phase of the development.</p>
22	<p>If an ST gas PASA was to be implemented:</p>	<p>a. Do you think that a rolling 7-day outlook with a daily resolution updated daily (or more frequently if there is a material intra-day change) should be adopted? If not, please explain why and what timeframes you think would be more appropriate.</p> <p>b. Do you think there would be value in providing for intra-day resolution for the DWGM? If so, is it likely to result in any additional reporting obligations?</p> <p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an ST gas PASA?</p>	<p>Senex's believes that a rolling 7-day outlook with a daily resolution updated twice per day at 08:00 and 14:00. This indicates commercial opportunities prior to/after STTMs based on readily available information.</p> <p>Similar to 22(a) above, Senex is of the opinion that bi-daily would also be appropriate in the DWGM given the large facilities in the East and the West that support this market.</p> <p>Additional reporting obligations.</p>
23	<p>If an MT gas PASA was to</p>	<p>a. What outlook period do you think should be adopted and why:</p>	<p>Senex view is that a rolling 24 month outlook period should be adopted, which allows for a greater visibility/optionality around making informed commercial decisions.</p>

No.	Questions	Feedback
	be implemented:	This would also assist with forward contract trading.
	i. a rolling 6 month outlook period? ii. a rolling 12 month outlook period? iii. a rolling 24 month outlook period?	
	b. What do you think the main costs and benefits to market participants would be of the outlook period you think should be adopted?	Covered in previous responses.
	c. If a 12 or 24 month outlook period was to be adopted, which of the following options do you think should be used to extend the 6 month outlook period currently provided for by the disclosure obligations in Part 27 of the NGR and why: i. Supplement the existing disclosure requirements with AEMO modelling of forecast demand and supply (Option 2)? ii. Amend the existing disclosure obligations in Part 27 of the NGR by either: (1) Extending the disclosure obligations to 12 or 24 months (Option 3A)? (2) Replacing the disclosure obligations with a principles based approach (similar to what the AEMC has implemented for the NEM ST PASA), which would allow AEMO, in consultation with industry, to determine what information should be reported and when it should be reported (Option 3B)? iii. Targeted additional information requirements with regular reporting (Option 4)? iv. Another option not identified in the consultation paper? If you think another option should be considered, please explain what it is and why you think it should be adopted.	Senex's initial view on this would be amending the disclosure obligations in Part 27 of the NGR by extending the disclosure obligations to 12 or 24 months. Information supplied for the purposes of this needs to be reviewed in conjunction with the information that is already supplied to the GBB. There is a need to avoid doubling up on information already provided.
	d. Do you think the MT gas PASA should have a daily resolution and be updated monthly (or more frequently if there is a material change)? If not, please explain why and what timeframes you think would be more appropriate.	Senex view is that this should be updated weekly with a daily resolution.
	e. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an MT gas PASA?	Covered in previous responses.
Section 3.3.1.3: Questions on seasonal PASA reporting		
24	Do you think there is value in requiring AEMO to publish a quarterly seasonal PASA report that would draw on information from the gas PASA, Bulletin Board, GSOO and	No - This can be addressed in the rolling MTPASA.

No.	Questions	Feedback	
	VGPR modelling and include an assessment of things such as the adequacy of gas held in storage and emerging threats help inform the market participants' seasonal readiness plans?		
25	If a quarterly seasonal PASA report was to be developed, what would you like to see included in the report?	Senex does not see the requirement for a quarterly seasonal PASA report particularly with all the information that is currently provided in the form of the GSOO, VGPR and seasonal outlooks.	
26	Qualitatively, what do you think the main costs, benefits and/or risks would be of introducing this report?	Covered in previous responses.	
Section 3.3.2: Questions on threat signalling mechanism			
27	If a decision was made to implement an objective threat signalling mechanism:	a. Do you think the threat levels described in section 3.3.2 (i.e. early warning, alert or emergency) should be employed, or are there more appropriate threat levels that you think should be employed?	Senex agrees that these levels are an appropriate threat level signalling mechanism.
		b. Do you think there should be an automatic link between the NEM and gas market threat signalling mechanisms? Or are other changes required to these two signalling mechanisms to recognise the increasing interrelationship between the markets?	Given the increasing relationship between the gas and electricity markets, Senex's view is that there should be an automatic link between the NEM and the gas market threat signalling mechanisms. This will only become more prevalent when GPG use increases in the coming years as coal baseload rolls off and GPG is required more for firming renewables.
28	Qualitatively, what do you think the benefits, costs and risks would be of implementing a more objective threat signalling mechanism?	Covered in previous responses.	
Section 3.3.3: Questions on advance notice of closure for supply infrastructure			
29	If a decision was made to implement an advance notice of closure requirement:	a. Do you think it should be restricted to supply infrastructure (e.g. production, pipeline, compression and storage facilities), or are there other facilities you think it should apply to?	Senex's view is that it should include major users (for example the cessation of a major user) and import/export facilities.
		b. What advance notice period do you think would be appropriate?	Three years would allow sufficient time for recontracting purposes.
		c. Do you think penalties should apply to facility operators that fail to provide sufficient notice in the same way that they do in the NEM?	Yes as this would provide incentive to provide the correct information
30	Qualitatively, what do you think the benefits, costs and/or risks would be of implementing an advance notice of closure requirement?	Covered in previous responses.	
Other feedback			
Please set out any other feedback you may have on additional monitoring and communication tools here.			

Chapter 4: Reliability and supply adequacy management tools

No.	Questions	Feedback	
Section 4.2: Questions on the potential need for and role of additional management tools			
31	Do you agree with the findings from the:	a. MJA study on contracting behaviour set out in section 4.2.3.1? If not, please explain your view.	Senex doesn't agree or disagree with the MJA findings. Investing/contracting in east coast market is impacted by multiple issues (not just responding to understood shortfalls/threats) including government intervention and associated uncertainty.
		b. ACIL Allen study on demand response set out in section 4.2.3.2? If not, please explain your view.	Senex is a gas producer so cannot comment firsthand, but as a market participant, these findings seems reasonable.
32	RSA contracting obligation	a. Do you think there is value in providing for an RSA contracting obligation in the reliability and supply adequacy framework? Please explain your response.	Senex supports a phased approach to RSA in the east coast gas market. As previously mentioned, we support further work that improves information transparency and the ability for market participants to respond to emerging market events. This includes developing a reliability standard for gas and PASA (to the extent this does not interfere/distract/limit addressing the underlying issue of supply). Furthermore: <ul style="list-style-type: none"> (1) The market needs to be given time to respond to these new tools before consideration is given to expanding AEMO's market powers and the design of these arrangements. (2) Mechanisms such as the RRO have their own design limitations/issues. We would have concerns if they were applied directly to the gas market.
		b. What, if any, impact(s) do you think the introduction of an RSA contracting obligation could have on market participants and the market more generally?	Refer to response to 32(a)
		c. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an RSA contracting obligation?	Refer to response to 32(a)
		d. Do you think an RSA contracting obligation is the appropriate solution to address the potential problems identified in sections 4.2.2 and 4.2.3.1, or are there other alternatives that you think should be considered by Officials? If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.	Refer to response to 32(a)
33	Administered demand response mechanism	a. Do you think there is value in providing for an administered demand response mechanism in the reliability and supply adequacy framework? Please explain your response.	Refer to response to 32(a)
		b. What, if any, impact(s) do you think the introduction of an administered demand response mechanism could have on market participants and the market more generally?	Refer to response to 32(a)

No.	Questions	Feedback
	<p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of implementing an administered demand response mechanism?</p> <p>d. Do you think an administered demand response mechanism is the appropriate solution to address the potential problems identified in sections 4.2.2 and 4.2.3.2, or are there other alternatives that you think should be considered by Officials?</p> <p>If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>Refer to response to 32(a), however, if implemented, cost recover should only be from direct beneficiaries such as retail and non-participating C&I customers. It should not be smeared across the producers and pipelines.</p> <p>Senex notes the Acil Tasman work suggests this is limited for C&I customers and our experience does not suggest otherwise.</p>
34	<p>Supplier of last resort mechanism</p> <p>a. Do you think there is value in building on the trading function by providing for a supplier of last resort mechanism in the reliability and supply adequacy framework? Please explain your response.</p> <p>b. What, if any, impact(s) do you think building on the trading function by providing for a supplier of last resort mechanism could have on market participants and the market more generally?</p> <p>c. Qualitatively, what do you think the main costs, benefits and/or risks would be of building on the trading function by providing for a supplier of last resort mechanism?</p> <p>d. Do you think a supplier of last resort mechanism is the appropriate solution to address the potential problems identified in sections 4.2.2 and 4.2.3.1, or are there other alternatives that you think should be considered by Officials?</p> <p>If there are other alternatives you think should be considered, please outline what they are and why you think they are more appropriate.</p>	<p>Refer to response to 32(a)</p> <p>Refer to response to 32(a)</p> <p>Refer to response to 32(a)</p> <p>Refer to response to 32(a)</p>
35	<p>Are there any other reliability and supply adequacy management tools that you think should be considered by Officials? If so, please explain why you think they are required.</p>	<p>No not at this this point. – refer to response to 32(a)</p>
Section 4.3.1: Questions on RSA contracting obligation		
36	<p>If a decision was made to implement an RSA contracting obligation, which of the following design options do you think should be implemented and why:</p> <ul style="list-style-type: none"> – A southern jurisdiction winter deliverability contracting obligation (Option 1)? – An east coast wide firm contracting obligation (Option 2)? 	<p>Senex does not support the introduction of RSA contracting obligation at this point (reasons provided in response to questions 32(a)). If Government is minded to introduce a RSA contracting requirement it should be targeted and limited to areas where the threat exists.</p>

No.	Questions	Feedback
	<p>– Another design option? If you think another option should be considered, please explain what it is and why you think it should be adopted.</p>	
37	<p>If an RSA contracting obligation was to be implemented:</p> <p>a. Do you think the obligations should apply to:</p> <ol style="list-style-type: none"> i. Retailers and GPGs? ii. GPGs only? iii. Retailers only? <p>Please explain your response.</p> <p>b. In the case of GPGs:</p> <ol style="list-style-type: none"> i. Do you think it would be financially viable for GPGs to be subject to an RSA contracting obligation? If not, are there any other simpler or more direct ways to address the reliability and supply adequacy threats posed by GPG demand? ii. What, if any effect, a contracting obligation or alternative approach could have on competition in the NEM? <p>c. Do you think a size threshold should be adopted for liable entities? If so, what do you think is an appropriate size threshold?</p> <p>d. Do you think any other reforms would be required to enable liable entities to contract on reasonable terms? If so, please explain what additional reforms you think are necessary.</p> <p>e. How far in advance of a forecast reliability gap do you think the RSA contracting instrument would need to be triggered to provide liable entities sufficient time to contract and for any investment that may be required?</p> <p>f. How should the geological, land access, regulatory, commercial and other investment challenges that may be associated with the development of new supply infrastructure be recognised in the contracting obligations and/or penalty regime?</p> <p>g. Do you think the contracting obligation should allow liable entities to procure other covered gases that are suitable for consumption as natural gas (e.g. biomethane and low hydrogen blends)?</p> <p>h. Do you think it</p> <ol style="list-style-type: none"> ii. A liquidity obligation? If so, please explain how you envisage this obligation would work. 	<p>Senex does not support the introduction of RSA contracting obligation at this point (reasons provided in response to questions 32(a)). If Government is minded to introduce a RSA contracting requirement it should be targeted and limited to areas where the threat exists</p> <p>Senex is not able to comment.</p> <p>Senex is not able to comment.</p> <p>No, Senex has provided extensive comments to the Mandatory Code of Conduct, which (in part) is designed in part to create a level playing field for negotiations between buyers and sellers.</p> <p>Refer to response to 32(a) and this should be addressed if the RSA contracting mechanism is progressed.</p> <p>Refer to response to 32(a) and this should be addressed if the RSA contracting mechanism is progressed.</p> <p>Refer to response to 32(a) and this should be addressed if the RSA contracting mechanism is progressed.</p> <p>Refer to response to 32(a) and this should be addressed if the RSA contracting mechanism is progressed.</p>

No.	Questions	Feedback	
	<p>would be necessary to provide for:</p> <p>iii. A voluntary book build mechanism administered by AEMO to facilitate the development of any new supply and/or capacity that may be required? If so, please explain how you envisage this would work.</p>	No, AEMO's involvement in the market should be limited to resolving short-term supply issues.	
	i. Do you think the contracting obligation would incentivise retailers to help transition customers to alternative fuels (where feasible), or would a separate tool be required to achieve this?	Senex is not able to comment	
38	If a southern jurisdiction winter deliverability contracting obligation (Option 1) was to be implemented:	a. Are there any additional design features that you think need to be considered (see Table 4.2)?	This should be addressed if the RSA contracting mechanism is progressed
		b. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.2)?	This should be addressed if the RSA contracting mechanism is progressed
		c. Are there any material costs, risks or benefits associated with this option that you think should be considered?	This should be addressed if the RSA contracting mechanism is progressed
39	If an east coast wide firm contracting obligation (Option 2) was to be implemented:	a. Are there any additional design features that you think need to be considered (see Table 4.2)?	This should be addressed if the RSA contracting mechanism is progressed
		b. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.2)?	This should be addressed if the RSA contracting mechanism is progressed
		c. Are there any material costs, risks or benefits associated with this option that you think should be considered?	This should be addressed if the RSA contracting mechanism is progressed
Section 4.3.2: Questions on a potential administered demand response mechanism			
40	If a decision was made to implement an administered demand response mechanism, do you think the design option described in section 4.3.2 should be implemented, or is there another option that you think could unlock demand response in a more cost effective way?	Refer to response to 32(a)	
41	If the administered demand response mechanism described in section 4.3.2 was	a. Do you think it should only be open to large gas users to participate in, or should retailers and/or demand response aggregators also be able to participate?	Refer to response to 32(a)
		b. Do you think it would be necessary to make availability payments to panel members to encourage them to participate, or could they just be paid a pre-activation or activation payment?	Refer to response to 32(a)

No.	Questions		Feedback
	to be implemented:	c. Are there any additional design features that you think need to be considered?	Refer to response to 32(a), however, if implemented, cost recover should only be from direct beneficiaries such as retail and non-participating C&I customers. It should not be smeared across the producers and pipelines
Section 4.3.3: Questions on supplier of last resort mechanism			
42	<p>If a decision was made to implement a supplier of last resort mechanism, which of the following design options do you think should be implemented and why:</p> <ul style="list-style-type: none"> – a southern jurisdiction winter deliverability supplier of last resort mechanism (Option 1)? – an east coast wide RERT-style supplier of last resort mechanism (Option 2)? – another design option? If you think another option should be considered, please explain what it is and why you think it should be adopted. 		Refer to response to 32(a)
43	In relation to the risk of crowding out market participants:	a. Do you think it feasible to AEMO to procure 'out of market' gas (i.e. gas that would not otherwise be available to the market) or other services (e.g. transportation and storage services)? If so, how would this occur and are there any risks associated with doing so?	This should be addressed if the last resort mechanism is progressed
		b. If it is not feasible to procure 'out of market' gas or other services, is there any other way that you think the risk of AEMO crowding out market participants could be addressed?	This should be addressed if the last resort mechanism is progressed
44	Do you think:	a. The supplier of last resort mechanism should only focus on natural gas, or should it also allow AEMO to procure other covered gases that are suitable for consumption as natural gas (e.g. biomethane and low hydrogen blends)?	This should be addressed if the last resort mechanism is progressed
		b. Any additional measures (over and above a causer pays approach to cost allocation) are required to counter the impact that AEMO acting as supplier of last resort may have on market participants' incentives to take their own actions to address the threats?	
45	If a southern jurisdiction winter deliverability supplier of last resort mechanism (Option 1) was to be implemented:	a. Do you think AEMO should only be able to contract and/or hold a storage reserve for the winter period, or should it be able to contract for a longer period?	This should be addressed if the last resort mechanism is progressed
		b. Are there any additional constraints that you think should apply to this mechanism that have not been identified in Table 4.3?	This should be addressed if the last resort mechanism is progressed
		c. Are there any additional design features that you think need to be considered for this option (see Table 4.3)?	This should be addressed if the last resort mechanism is progressed

No.	Questions	Feedback	
		d. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.3)?	Refer to response to 45(a)
		e. Are there any material costs, risks or benefits associated with this option that you think should be considered?	Refer to response to 45(a)
46	If an east coast wide RERT-style supplier of last resort mechanism (Option 2) was to be implemented:	a. Are there any additional constraints that you think should apply to this mechanism that have not been identified in Table 4.3?	This should be addressed if the last resort mechanism is progressed
		b. Are there any additional design features that you think need to be considered (see Table 4.3)?	Refer to response to 46(a)
		c. Are there any design features that have been proposed that you think would not work in the east coast gas market (see Table 4.3)?	Refer to response to 46(a)
		d. Are there any material costs, risks or benefits associated with this option that you think should be considered?	Refer to response to 46(a)
Other feedback			
Please set out any other feedback you may have on reliability and supply adequacy management tools here.			

Chapter 5: Potential changes to the GSOO and VGPR

No.	Questions	Feedback
47	<p>Do you think there is value in aligning the GSOO and VGPR with the reliability and supply adequacy framework?</p> <ul style="list-style-type: none"> – If so, are there any changes contemplated in section 5.1 that you think are unnecessary, or are there other changes that you think should be considered? – If not, please explain why. – Are there any material costs, risks or benefits that you think should be considered when deciding whether or not to align the GSOO and VGPR with the framework? 	<p>Senex's does not think there is any immediate value in aligning the GSOO and VGPR with the reliability and supply adequacy framework. The GSOO/VGPR should continue its focus on longer dated outcomes and is data collated at 'a point in time' and therefore does not compare with the more up to date information that we would anticipate is provided in this framework.</p> <p>It could however refer where relevant to any potential breaches of the reliability standard.</p>
48	<p>Do you think there is value in trying to achieve greater alignment between the GSOO, VGPR and NEM forecasting tools?</p> <ul style="list-style-type: none"> – If so, are there any changes contemplated in section 5.2 that you think are unnecessary, or are there other changes that you think should be considered? – If not, please explain why. – Are there any material costs, risks or benefits that you think should be considered when deciding whether to align the GSOO and VGPR with the NEM forecasting tools? 	<p>This would seem reasonable, but not an immediate priority. It could form part of a second phase of work.</p>
<p>Please set out any other feedback you have on the potential alignment of the GSOO and VGPR here.</p>		

Implementation and other questions

No.	Questions	Feedback
49	<p>If any of the additional elements outlined in the consultation paper were to be implemented, do you think they should be implemented as a package or sequenced in a particular way?</p>	<p>As mentioned earlier, the focus areas should be on the reliability standard and the establishment of gas PASA.</p>
50	<p>Are there any other problems, impacts or matters that you think Officials should take into account when considering whether to include any of the additional elements outlined in the consultation paper?</p>	<p>Refer to response to 49.</p>