

COAG Regulation RIS for consultation – Measures to improve transparency in the gas market

Attachment B Stakeholder feedback template – APA response

APA is pleased to submit our response to the questions set out in the Consultation RIS in the following tables.

3. Gas, LNG and infrastructure prices

Number	Questions	Feedback
4	Do you agree with the information deficiencies that have been identified in Table 4-1 4.2? 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>We note the issues identified in <i>table 4.2 Publicly available information on gas and infrastructure prices</i> and our comments are limited to proposals related to stand-alone compression and storage facility prices only.</p> <p>APA supports enhancing transparency of stand-alone compression and storage facility prices subject to the changes not resulting in significant increases in costs, regulatory burden, and risks to industry participants and that demonstrate a net benefit to consumers. In this respect, the Consultation RIS notes that APA already publishes standing prices and weighted average prices for its stand-alone compression facilities. APA considers that reporting standing prices and weighted average prices provides a good balance between publishing information that is useful to the market, and ensuring that reporting obligations are proportionate and ensure confidential information is not released to the market.</p> <p>We will comment further on issues related to transmission pipeline prices in our response to the forthcoming Pipelines RIS.</p>
5	How significant an effect, do you think the information deficiencies identified in Table 4-1, 4.2 are having on the gas markets in eastern and northern Australia and the broader economy?	No comment.
6	Do you agree that the information deficiencies for gas, LNG export and infrastructure prices could be viewed as a market failure that will warrant	<p>In relation to the information limitations identified for stand-alone compression and storage facility prices, APA considers that the detriments are not significant enough to equate to market failure.</p> <p>At its simplest, market failure refers to an inefficient allocation of resources due to a failing, such as information asymmetry, in the interactions between producers and consumers in a market. The Consultation RIS provides little</p>

	<p>government intervention? If not, please explain why.</p>	<p>to no evidence that there is a detriment in the market due to pricing information asymmetry or of any market failure as a result.</p> <p>APA considers there is merit in publishing a standing price for stand-alone compression and storage services to provide pricing information for customers. APA already publishes a standing price for its stand-alone compression services.</p> <p>APA also publishes a weighted average price for its stand-alone compression services in its annual reporting under Part 23 of the NGR. Further consideration may be required before publication of a standing price for storage facilities, as considerable variation can arise between customers in prices for injection, withdrawal and storage services, depending on an individual customer's contracting needs. For example, the frequency and volume of injection into and withdrawal from storage facilities, compared with the intended term of storage can affect the relative prices for these services.</p> <p>APA is cautious about the proposal to publish actual prices for stand-alone compression and storage facility services. The prices paid by our customers for these services are commercially sensitive and APA is contractually obliged to treat negotiated prices and terms for services as commercial in confidence. It may not be enough to publish prices anonymously, as the limited depth of the gas market means that the identity of contracting customers will still be readily identifiable. The publication of key terms and conditions associated with individual prices is likely to further identify customers, to the detriment of the market where contracting customers are competitors.</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>	<p>No comment.</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"> o production cost estimates; o short-term GSA prices; o long-term GSA prices; o LNG netback prices; o LNG export prices; and 	<p>APA's comments are limited to proposals relating to standing prices and actual prices paid for stand-alone compression and storage facilities.</p> <p>APA already publishes the standard or reference service (as relevant) price and terms for stand-alone compression services, along with other gas transmission and related services. These are available on APA's website.</p> <p>APA supports the publication of prices on a weighted average basis for stand-alone compression facilities. However, APA is cautious about the proposal to publish weighted average prices for storage services, or actual prices for stand-alone compression and storage services. Please also refer to our response to question 6.</p> <p>APA will provide further comment on the proposals for publishing actual prices in response to the Pipeline RIS.</p> <p>As you would appreciate, APA is contractually obliged to treat prices and terms that are negotiated with each customer as commercial in confidence. The prices negotiated with our customers are commercially sensitive as many of them operate in competitive and price sensitive markets.</p>

	<ul style="list-style-type: none"> o <u>the standing prices and actual prices paid for compression and storage facilities.</u> (a) If so, please explain how you would use this information and the net benefit it would provide. (b) If not, please explain why. 	
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>The options set out in the Consultation RIS are a reasonable reflection of the AEMC and ACCC-GMRG recommendations.</p> <p>In relation to Options 3 and 4 and the proposal to publish weighted average prices for stand-alone compression, note that APA already publishes weighted average prices for these services as part of our Part 23 reporting obligations.</p> <p>APA will provide further comment on the proposals for publishing prices in response to the Pipeline RIS.</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 	<p>In relation to the options set out in section 4.3, the primary concern we have is to ensure that APA will not be required to provide information about the prices and terms for customers that we are contractually obliged to treat as commercial in confidence.</p>

	<p>NGO and the Energy Council's Vision as set out in Box 1.1?</p> <p>(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>	
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>	No comment.

6. 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>APA supports enhancing transparency of gas infrastructure subject to the changes not resulting in significant increases in costs, regulatory burden, and risks to industry participants and that demonstrate a net benefit to consumers.</p> <p>As set out in table 7.1 of the Consultation RIS, ACCC-GMRG found information was lacking in the following areas:</p> <ul style="list-style-type: none"> • proposed and committed gas infrastructure developments which could limit efficient investment along the supply chain • 36 month outlooks for uncontracted capacity for stand-alone compressors, storage facilities and production facilities • lack of public information on the identity of users that have contracted stand-alone compression and storage capacity may limit the potential for secondary trading on those facilities. <p>Our response to the findings by ACCC-GMRG are:</p> <p>Gas infrastructure developments</p> <p>SCO has indicated that the definitions of 'committed' and 'proposed' are likely to be consistent with the definitions used by AEMO for the Electricity Statement of Opportunities.</p> <p>APA considers that there is merit in infrastructure providers providing AEMO with information about 'committed' gas infrastructure projects. We consider that information on projects that have APA's Board approval and have been disclosed to the market will likely provide beneficial information to the gas market. On this basis, APA supports the proposed definition of 'committed' development as defined in AEMO's Electricity Statement of Opportunities.</p> <p>APA does not support any requirements for 'proposed' projects to be published other than on a voluntary basis.</p> <p>As an ASX listed company, APA is subject to information disclosure requirements under Corporations Law and the ASX Listing rules. APA's primary concern is to ensure that we are not put into a position of providing information that would put us in potential breach of our information disclosure requirements or of confidentiality requirements set out in negotiated contracts with customers.</p> <p>Gas pipeline developments are paid for by the direct users of the pipeline (unlike in electricity networks where the costs of development of the shared network are allocated to all connected users). Gas pipeline operators, compete in a vigorous market for 'greenfields' construction of pipelines (unlike electricity networks who are legislated monopolies). The competitive nature of pipeline developments for APA as an operator and for the direct customer</p>

Number	Questions	Feedback
		<p>proposing the development means that developments are often commercially sensitive and-need to be treated as confidential until they are publicly announced.</p> <p>Gas users who are seeking new gas infrastructure are unlikely to want their proposals for greenfields projects to be disclosed to the market too early. Therefore, APA does not support the publication of 'proposed' infrastructure other than on a voluntary basis.</p> <p>Availability of capacity</p> <p>APA considers that there is merit in stand-alone compression facilities publishing a 36-month uncontracted capacity outlook. We support this provision, subject to the condition that information is obtained using reasonable means and best endeavours basis. APA considers that for production facilities, a 36-month outlook for uncontracted capacity would be difficult and onerous to prepare. We consider that providing a forecast of throughput and planned outages would be more useful to the market.</p> <p>Users of contracted capacity</p> <p>APA does not have issues in providing the identity of the customers of our compression facilities subject to the customers being supportive of this proposal. APA cautions that, where there are only a small number of users of the compression facilities (1-2), some customers may have concerns about confidentiality of this information given the publication of the usage information on the Gas Bulletin Board, and proposals to publish actual and/or weighted average prices.</p>
34	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>The gas sector in Australia has grown significantly in recent years in response to the needs of gas consumers. APA is focussed on delivering energy services that respond to the changing requirements of consumers. We believe that the current level of information has not had a detrimental impact on the gas markets in eastern and northern Australia nor the broader economy.</p> <p>Gas infrastructure providers operate in a competitive market. Unlike electricity infrastructure providers, gas pipelines are not legislated monopolies, do not have a jurisdictional customer base and historically have been in private hands. The market model that operates in gas infrastructure provision is a transactional one with gas pipeline investment underpinned by long-term contracts between customer(s) (often shippers) and the pipeline infrastructure provider. This competitive nature of gas infrastructure provision (compared to the electricity sector) means that infrastructure</p>

Number	Questions	Feedback
		<p>developments are often commercially sensitive. This model has delivered a dynamic, responsive and efficient gas sector.</p> <p>APA considers that increasing transparency is likely to benefit consumers in the long run, but right now, the primary problem facing the gas sector and consumers, is the lack of security about the availability of gas. The issues identified by the ACCC-GMRG surrounding information are minor relative to the bigger problem of securing gas supplies.</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>At its simplest, market failure refers to an inefficient allocation of resources due to a failing in the interactions between producers and consumers in a market. In this case, it is purported in the Consultation RIS that there are deficiencies in information in the gas market that may distort efficient allocation of gas infrastructure.</p> <p>APA considers that the identified information deficiencies identified in the Consultation RIS are not significant and do not necessarily result in market failure.</p> <p>However, APA is not opposed to changing the national gas rules to improve the availability of information subject to the costs of obtaining that information not outweighing the benefit for consumers. In our case, APA does not have an issue providing information about:</p> <ul style="list-style-type: none"> • gas infrastructure developments that are defined as 'committed' projects • 36 month capacity for stand-alone compressors that third party access • identity of contracted users of stand-alone compression facilities. <p>We consider that a greater concern facing the gas market is one of policy failure by governments to provide certainty about new gas sources. This uncertainty affects efficient investment and does little for the long term interests of consumers.</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; 	<p>APA's response to the AEMC's and ACCC-GMRG's recommendations relating to proposed and committed infrastructure developments; 36-month uncontracted capacity outlook for stand-alone compression facilities, and production facilities providing third party access; and a list of users with contracted capacity under storage and stand-alone compression facilities is set out in our response to question 33. Question 33 refers to information deficiencies set out in section 7.1 of the Consultation RIS</p>

Number	Questions	Feedback
	<ul style="list-style-type: none"> ○ 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>(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>Other information deficiencies discussed in section 7 and the subject of Question 36 include:</p> <ul style="list-style-type: none"> • stand-alone compression facilities to report operational information (as set out on pages 89-90 of the Consultation RIS); and • 36-month uncontracted capacity outlook for production facilities providing third party access. <p>APA considers there is merit in the proposal to publish operational information for stand-alone compression facilities. APA does not support publishing a 36-month outlook for uncontracted capacity for production facilities. We consider that providing a forecast of throughput and planned outages would be more useful to the market.</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>Please also refer to our response to question 33.</p> <p>APA does not support project proponents being required to provide 'proposed' project information other than on a voluntary basis. Anything other than 'committed' projects are likely to be at an early stage and possibly speculative, thus resulting in greater uncertainty for the market.</p> <p>APA notes that under the current rules for the GSOO, AEMO must publish proposed projects. We consider that, going forward, the provision of information relating to proposed projects should be voluntary and submitted at the discretion of the GSOO survey respondent.</p>

Number	Questions	Feedback
38	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>APA supports the proposal to publish information for "committed" projects.</p> <p>APA does not support the provision of information of 'proposed' developments to be mandatory. In APA's situation, customers approach us to discuss gas infrastructure proposals. These proposed projects that are 'emerging' and 'maturing' are uncertain until they have approval by the Boards of the involved entities. Until they have Board approval they are likely to be speculative and considered commercially sensitive by our customers.</p>
39	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>APA understands that this question relates to moving the reporting requirements for stand-alone compression facilities located in the transitional rules to Part 18 of the NGR.</p> <p>As proposed in section 7.3 of the Consultation RIS, the reporting requirements would relate to stand-alone compression facilities with a nameplate rating of 10TJ/day or more would be required to publish a range of 'operational information' to AEMO for publication on the Bulletin Board.</p> <p>APA understands that in our case the relevant stand-alone compression facilities are limited to APA's Wallumbilla and Moomba compression facilities. APA does not have concerns about provision of the listed operational information for Wallumbilla and Moomba compression facilities.</p>
40	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.	This question is 39 duplicated.
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.	<p>APA does not have any concerns about categories of information listed in section 7.3.</p> <p>Also refer to our response to question 36.</p>

Number	Questions	Feedback
42	<p>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?</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>APA considers that there may be benefit for gas market participants to have a 36 month outlook for uncontracted capacity for stand-alone compression facilities.</p> <p>Also refer to our response to question 36.</p>
43	<p>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?</p> <p>(a) If so, please explain how you would use this information and the net benefit it would provide.</p>	<p>APA does not support publishing a 36-month outlook for uncontracted capacity for production facilities. We consider that providing a forecast of throughput and planned outages would be more useful to the market.</p> <p>Also refer to our response to question 36.</p>
44	<p>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?</p>	<p>APA does not have issues with providing a list of users of stand-alone compression facilities with contracted capacity for publication on the Bulletin subject to the customers being supportive of this proposal. APA cautions that, where there are only a small number of users of the compression facilities (1-2), some customers may have concerns about confidentiality of this information given the publication of usage information on the Gas Bulletin Board.</p>

Number	Questions	Feedback
45	Do you agree that the materiality threshold should be changed? If not, please explain why.	<p>The materiality threshold is used for intra-day reporting on the Bulletin Board. The proposed amendment provides for the definition of 'material' in rule 141(1) to be amended to 'a change that exceeds the lesser of 10% of the nameplate rating and 30 TJ'.</p> <p>APA does not have concerns with the proposed change to the materiality threshold.</p>
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 explain what the options are, what they would involve and what the advantages, disadvantages, costs, benefits and risks are with these additional options.	<p>APA considers that the options set out for gas infrastructure are comprehensive. We do propose a fifth option which takes into consideration our concern about the publication of information on 'proposed' projects.</p> <p>APA's Option 5 as it relates to transmission pipelines, stand-alone compression facilities, and production facilities is derived from Option 4 with the following exception</p> <ul style="list-style-type: none"> • requiring <u>committed</u> infrastructure developments to be reported only; (not 'proposed' projects) <p>The benefit of Option 5, is that it removes the requirement to publish proposed projects which, without company board approval are uncertain and in some cases may be speculative. There is no benefit of AEMO publishing proposed projects as it is unlikely to result in more efficient investment due to the uncertainty of the investment proceeding.</p>
47	<p>In relation to the options set out in section 7.3:</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>(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-</p>	<p>APA considers that recommendation 5 (Infrastructure developments) as set out in the Consultation RIS should be limited to providing information for committed infrastructure developments; (and not 'proposed' projects). Reporting of proposed projects is likely to cause more uncertainty in the market.</p>

Number	Questions	Feedback
	<p>30TJ/day expect to incur under options 2-4 in section 7.3?</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>	
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>	<p>APA considers that the transparency measures set out for gas infrastructure in the Consultation RIS are for the most part reasonable. The measures that APA has concerns about are ensuring that:</p> <ul style="list-style-type: none"> • APA is not put in a position of breaching ASX Listing rules disclosure requirements or confidentiality requirements with its customers • there is no mandatory requirement to publish information on proposed projects • publication of weighted average price information for storage services adequately recognises the broad possible pricing models for storage elements • agreement is obtained from users of stand-alone compression facilities before releasing their identity.

7. Gas Statement of Opportunities (GSOO)

Number	Questions	Feedback
49	<p>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.</p>	<p>APA supports the expansion of the GSOO to incorporate the Northern Territory. We consider that this will be beneficial by providing a more holistic view of demand and supply conditions across the east coast gas market.</p>

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.	<p>APA takes its GSOO information requirements seriously. APA endeavours to provide information in line with the requested information parameters set out by AEMO. We are not aware of any concerns about the quality of GSOO information provided by APA or other non-producers in the gas sector.</p> <p>One area that could be improved is that AEMO often requests information through the GSOO process that has already been provided to AEMO through the Gas Bulletin Board. APA considers that it would be prudent for AEMO to use the same single source of information rather than duplicate reporting requirements for the Gas Bulletin Board and GSOO.</p> <p>APA notes the source of concerns about quality of information for the GSOO was the ACCC-GMRG report (2018). ACCC-GMRG states that "<i>We are also aware that questions have been raised by some stakeholders about the quality of information obtained through this type of process. There may therefore be value in including provisions in Part 15D of the NGR to compel producers to provide this information to AEMO on an annual basis for use in the preparation of the GSOO. Such a reporting obligation could be extended to other information that AEMO requires for the GSOO.</i>" (ACCC-GMRG report (2018), page 18).</p> <p>APA notes that the ACCC-GMRG concern were in relation to producers. APA has two concerns in relation to the findings by the ACCC-GMRG:</p> <ol style="list-style-type: none"> 1. The ACCC-GMRG did not provide references identifying the stakeholders nor the context of the concerns about the quality of the GSOO provided by producers. This makes it difficult to understand the context of these claims. 2. The proposal to expand to others (non-producers) has not been supported by any evidence that the current voluntary arrangements are not working well or that there is any detriment to the market. <p>We are concerned that such a major policy change is being contemplated without sufficient transparency about the source of the concern. Therefore, in relation to producers, at this stage, we do not have sufficient information to ascertain whether civil penalty provisions are appropriate to apply to producers regarding information for the GSOO survey.</p> <p>APA does not support the application of civil penalty provisions to non-producers. There is no evidence to suggest that the current arrangements are not working well.</p> <p>In general, APA does not support applying civil penalties to the provision of information requests that are largely forecast information. It is difficult to image how the proposed civil penalties will be enforced.</p>
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		Rather than civil penalty provisions we propose that AEMO enter into a memorandum of understanding with information providers. We believe that a memorandum of understanding will have a more positive impact in creating a more co-operative culture with the gas sector.
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.	<p>APA does not believe that compelling information is the best way to obtain the required information. Our concern is that this will create a compliance based culture in the energy sector rather than a co-operative one.</p> <p>APA is concerned that this suggestion will be difficult to implement given the nature of the information is largely forecasting. It is not clear on what basis the information will be assessed and enforced? We consider that providing incentives to ensure quality information for the GSOO can be achieved in more co-operative ways.</p>
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.	<p>APA supports measures to improve transparency that are balanced and result in a net benefit for consumers. APA considers the GSOO to be a valuable and informative document providing an annual perspective of future projections in the gas market. APA believes that there is benefit in encouraging a co-operative approach to the provision of information, especially as the energy sector transitions to a lower carbon environment.</p> <p>APA does not believe that compelling survey respondents to provide GSOO survey information by making them civil penalties is appropriate nor necessary.</p> <p>APA notes that the purpose of the GSOO is to assess the projected demand-supply balance and potential supply gaps under a range of plausible scenarios for a 20-year outlook period. The information obtained for the GSOO is, for the most part, forecast information. Therefore we question whether it is appropriate to apply civil penalties to compel the provision of largely forward-looking information.</p> <p>APA notes AEMO's disclaimer states that the GSOO "<i>should not be relied on as a substitute for obtaining detailed business advice</i>". Therefore we question whether it is necessary to apply civil penalties to compel the provision of GSOO survey information. The GSOO is obviously not intended to be used for the making of business decisions.</p> <p>APA suggests that rather than compelling information through civil penalties, that AEMO enter into memorandum of understanding with information providers or seek some form of assurance that information will be provided on a best endeavours basis. We consider that a more co-operative approach is more appropriate for forward-looking GSOO related information.</p>
53	In relation to the options set out in section 8.3: (a) What do you think the advantages, disadvantages,	<p>APA's view are set out as follows:</p> <p>Regarding Option 2</p>

	<p>costs, benefits and risks are with each option?</p> <p>(b) What incremental benefits do you think are associated with option 2?</p> <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>	<ul style="list-style-type: none"> • APA considers that there are benefits in expanding the GSOO survey to the Northern Territory. APA owns and operates Amadeus Gas Pipeline in the Northern Territory and greater transparency about the gas outlook in the Northern Territory will help to achieve more informed and efficient planning, investment and policy decisions across the gas market • APA considers that there will be increased costs to meet the GSOO surveys requirements. We do not consider these costs to be significant in relation to benefits. • APA considers that there benefits in having the GSOO procedures and information for the GSOO surveys set out in the NGR. This helps to achieve greater transparency. • APA does not support making these proposed provisions subject to civil penalty provisions. We consider civil penalties to be unwarranted and inappropriate for forecast information that is provided on a best endeavours basis. <p>Our preferred option would be:</p> <ul style="list-style-type: none"> • Expand the GSOO to include Northern Territory • Include GSOO procedures and GSOO survey information in the NGR to ensure transparency • Require GSOO survey respondents to provide information on a best endeavours basis.
54	<p>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.</p>	<p>APA believes that using civil penalties to 'compel information' is not appropriate given the mostly forward-looking nature of the information and the limited purpose of the GSOO.</p> <p>APA believes that there is benefit in encouraging a co-operative approach to the provision of information, especially as the energy sector transitions to a lower carbon environment.</p> <p>Rather than civil penalty provisions we propose that AEMO enter into a memorandum of understanding with information providers. We believe that a less compliance based approach will help create a more co-operative culture in the gas sector.</p>

8. 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>APA's views on likelihood, consequence and risk ratings for each of the 'risk descriptions' is limited to</p> <p>Gas, LNG export and infrastructure prices deficiencies (referring to appendix table 1)</p> <p>APA's comments relate to transmission pipelines and stand-alone compression. We consider that there is transparency for the majority of transmission services provided by APA:</p> <ul style="list-style-type: none"> • APA questions the 'consequence' as being rated 'major'. We would suggest that SCO classify the consequence as, at most, 'moderate'. • Transmission businesses are responding well to the changes in the market. The ACCC Gas Inquiry has been extended to 2025 which increases transparency in the market. The transmission infrastructure sector is operating reasonable well and there is little evidence provided to suggest that investment or trading has been hindered. • We consider that the critical risk in the gas market is uncertainty about supply of gas in the near future rather than information asymmetry.
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.	Our response to the risks and treatments are discussed in response in the above questions.

9. 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.	No comment.
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.	The identified costs and benefit categories are reasonable.
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.	APA has provided an estimate of costs to SCO's consultants in a separate attachment. This information was provided on 13 September 2019.
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.	The proposed discount rate (set out in OBPR's CBA Guidance Note of an annual real discount rate of 7 per cent for the central case, with a discount rate of 3 per cent and 10 per cent used as part of the sensitivity analysis) and the appraisal period are appropriate for cost benefit analysis.

Number	Questions	Feedback
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.	No comment

10. 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.	APA has provided an estimate of costs to SCO's consultants in a separate attachment. This information was provided on 13 September 2019.

11. 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>The proposed approach for the competition effects analysis seems appropriate.</p> <p>The analysis of competition effects also needs to take into consideration the potential for unintended consequences.</p> <p>For example, disclosure of information needs to be done in a way that does not have the possibility of lessening competition through price signalling, or causing disadvantage or discouraging to customers seeking new infrastructure.</p>
64	Do you agree with the categories of key stakeholder groups identified for this analysis? If not, please explain why.	APA considers that the stakeholder groups identified are appropriate.
65	Do you agree with the proposed seven-point scale to be used for this analysis? If not, please explain why.	APA considers that the seven-point scale system seems appropriate as long as there is proper consideration of the impacts and some level of consistency in weighing up the competition effects.
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.	<p>APA's main concerns in relation to information disclosure is to ensure that APA is not placed in a position of breaching its ASX listing rules information disclosure requirements.</p> <p>Further, information requirements relating to any actual prices are anonymous, aggregated and cannot be attributed to an individual contract or customer.</p>

12. National Gas Law Amendments

Item number	Amendment	Issue	Feedback
	Part 1	Preliminary	
1	[Insert section and subsection reference]	[Insert section/subsection text]	<p>APA notes that SCO has provided draft amendments to the NGL, NGR and regulations reflecting measures in Option 3 to facilitate consultation and to provide stakeholders with a better understanding of the nature of the obligations that could flow from the implementation of the measures set out in Option 3.</p> <p>However, SCO has stated that these draft amendments should not be viewed as SCO or the Energy Council having formed a pre-determined view to proceed with the proposed transparency measures.</p> <p>APA trusts this to be the case, but we consider that it would be premature to comment on the amendments prior to consideration of the submissions to the Consultation RIS.</p> <p>Therefore we have not prepared comments to the draft NGL amendments.</p>
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]	

13. National Gas Regulations Amendments

Item number	Amendment	Issue	Feedback
	Part 1	Preliminary	
1	[Insert section and subsection reference]	[Insert section/subsection text]	<p>APA notes that SCO has provided draft amendments to the NGL, NGR and regulations reflecting measures in Option 3 to facilitate consultation and to provide stakeholders with a better understanding of the nature of the obligations that could flow from the implementation of the measures set out in Option 3.</p> <p>However, SCO has stated that these draft amendments should not be viewed as SCO or the Energy Council having formed a pre-determined view to proceed with the proposed transparency measures.</p> <p>APA trusts this to be the case, but we consider that it would be premature to comment on the amendments prior to consideration of the submissions to the Consultation RIS.</p> <p>Therefore we have not prepared comments to the draft amendments to the Regulations.</p>
2	[Insert section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	
	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]	

14. National Gas Rules Amendments

Item number	Amendment	Issue	Feedback
	Part 15B	Procedures	
1	[insert section and subsection reference]	[Insert section/subsection text]	<p>APA notes that SCO has provided draft amendments to the NGL, NGR and regulations reflecting measures in Option 3 to facilitate consultation and to provide stakeholders with a better understanding of the nature of the obligations that could flow from the implementation of the measures set out in Option 3. However, SCO has stated that these draft amendments should not be viewed as SCO or the Energy Council having formed a pre-determined view to proceed with the proposed transparency measures.</p> <p>APA trusts this to be the case, but we consider that it would be premature to comment on the amendments prior to consideration of the submissions to the Consultation RIS.</p> <p>Therefore we have not prepared comments to the draft NGR amendments.</p>
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]	
4	[insert division, section and subsection reference] [insert extra rows if necessary]	[Insert section/subsection text]	

Item number	Amendment	Issue	Feedback
	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 extra rows if necessary]	[Insert section/subsection text]	