



Meridian Energy Australia Pty Ltd  
Level 15, 357 Collins Street  
Melbourne VIC 3000

27 September 2019

Council of Australian Governments Energy Council  
GPO Box 787  
Canberra ACT 2601

Dear Council of Australian Governments Energy Council

### **Measures to Improve Transparency in the Gas Market - Consultation**

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thanks the Council of Australian Governments Energy Council (COAG EC) for the opportunity to provide comments on the Measures to Improve Transparency in the Gas Market - COAG Regulation Impact Statement for consultation (RIS).

#### Background on the MEA Group

MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia, followed by the Mt Mercer Wind Farm in Victoria. In early 2018 we acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

MEA Group broadly support the measures to improve transparency in the gas market and believe such measures would help create a fairer and more efficient gas market on the east coast of Australia. Historically, the lack of transparency has negatively affected large users and retailers, acting on behalf of end consumers, in efficiently securing gas supply when negotiating with producers.

#### Short term enhancements

##### *Gas Bulletin Board*

The Liquefied Natural Gas (LNG) facilities form a significant part of Australia's east coast gas infrastructure and supply chain. The LNG facilities have significant storage and the ability to arbitrage international LNG prices against domestic gas prices. Having access to LNG storage and LNG cargo transportation schedules is critical for the market to operate efficiently. This information gathering and reporting process should be the focus of the transparency work being conducted.

Opaqueness across these export activities can prohibit the efficient contracting of gas by retailers on behalf of their customer base and may act to negatively impact the commodity component of a retail gas price experienced by end consumers.

MEA Group believes LNG export activities and infrastructure information needs to be captured and further reporting enhancements should be implemented. Short-term gas transportation, storage, production and subsequent exporting conducted by, or on behalf of, LNG export facilities would provide a useful insight into the real-time supply-demand balance, increasing transparency and efficiency of gas traded across the east coast gas market.

Gas storage, production and transportation information published on the gas Bulletin Board provides a principal level of detail of gas market activities but has limited capability in forming the basis for decision making. In order to provide a holistic view of the east coast gas supply chain the Bulletin Board should publish:

- LNG storage volume of the export projects at Gladstone;
- LNG export shipments and timings; and
- short-term forecasts of LNG demand.

MEA Group is broadly supportive of any transparency measures in the Australian gas markets but believes that prices for short-term gas supply contracts need not be published. Short-term gas contract pricing is more transparent because the prices are directly observable across the state-based gas markets and also in ASX futures contract prices. Imposing a reporting standard for short-term gas contracts would be an excessive burden for industry and provide limited benefit.

#### Longer Term Planning

##### *Gas Statement of Opportunities*

MEA Group supports the new reporting standards of Stage 2 Bulletin Board improvements. Holders of gas reserves should be required to publish and report their 2P reserves at set periods. Any changes to these reserve estimates should also be reported quarterly and make direct reference to previous estimates for the same confidence level.

In addition to the above, a standardised format should be established so all field related information is comparable across reporting sources. The expected amount of recoverable reserves in conjunction with greater detail of short and long-term exporting activities will support understanding the long-term suitability of the market to deliver positive outcomes for consumers.

MEA Group supports the ACCC-Gas Market Reform Group's recommendations for additional information for:

- Field;
- Timing of development;
- production cost estimates;
- long-term GSA prices;
- LNG netback prices;
- LNG export prices and
- the standing prices and actual prices paid for compression and storage facilities.

MEA Group support publishing supply volumes that are under-contracted for the entire Gas Statement of Opportunities forecast horizon and believe that this information should provide detail of contracted gas across regions. To achieve maximum benefit, this information should be published, as a minimum, annually.

#### Contract Pricing Information

The ACCC Gas Enquiry has provided useful information for retailers to manage contracting activities and benchmark against potential new supply sources. However, the gas pricing information is generally aggregated and summarised across regions and there is no information on key supply terms that form a significant part of the gas price.

Reporting gas supply prices across various regions and with further detail of supply shape such as take or pay quantity, maximum daily quantity and flex, will provide an improved level of information that supports valuation and increases confidence in the quoted prices. Having a standard format that provides further insight into how flat gas, as opposed to shaped gas, has been priced is useful.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'J. Mulder'.

Justin Mulder  
General Manager Energy Markets  
Powershop Australia Pty Ltd  
Meridian Energy Australia