

1 February 2018

Jack Fitcher
Chief Financial Officer
Australian Energy Market Operator
GPO Box 2008
Melbourne Vic 3001

Submitted by email to jack.fitcher@aemo.com.au

Dear Mr Fitcher

Consultation Paper: Structure of Participant Fees in AEMO's Gas Markets

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Consultation Paper from the Australian Energy Market Operator (AEMO) on the Structure of Participant Fees in AEMO's Gas Markets

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts.

Snowy Hydro believe the methodology in regards to the structure of fees are balanced and do not unreasonably discriminate against a category or categories of registered participants. We are broadly supportive of the existing fee structures associated with the Declared Wholesale Gas Market (DWGM), Short Term Trading Market (STTM), Full Retail Contestability (FRC) Gas Markets, and Gas Statement of Opportunities (GSOO) fees. A three year gas structure period that aligns the expiry of the gas market fee structure with the electricity structure and allows AEMO to review all gas market fee structures concurrently is also the preferred way forward.

Period of fee structure and Break-even period to recover costs

Snowy Hydro believes a three year gas structure period which aligns the expiry of the gas market fee structure with the electricity structure that expires by the 30th of June 2021 is the most appropriate length of time over which the structure participant fees should apply. This will provide efficiencies for AEMO and participants. A three year period would allow the expectation of monitoring the continuing evolution of the gas markets allowing for further considerations as markets develop.

Aligning the expiry dates of the fee structures will allow AEMO to review all gas market fee structures concurrently. Snowy Hydro therefore believes that all the fee structures and break-even periods be aligned at three years.

Fee structures

Snowy Hydro is broadly supportive of the existing fee structures associated with the DWGM, STTM, FRC Gas Markets, and GSOO fees. However if AEMO decides to have the FRC markets structure consistent across regions then we believe that the fees should be consistently charged at \$ per Meter Installation Registration Number (MIRN) with the costs internally within AEMO ring fenced by jurisdiction as the procedures are not combined. Upon a combined set of Retail Market Procedures and systems FRC costs however they should be combined and charged the same \$ amount across jurisdictions.

Gas Bulletin Board (GBB)

We understand that the AEMC rule change takes effect 1st July 18 (Improvements to Natural Gas Bulletin Board) with new rule added in Part 15A NGR to allow AEMO to recover costs as a component of participant fee for providing services as the operator of the GBB. Snowy Hydro believes it is important to ensure that AEMO has a fair equal structure which is not solely on the production facility, transmission pipeline or storage rather equally divided combination of the three.

Snowy Hydro appreciates the opportunity to respond to the Consultation Paper and any questions about this submission should be addressed to Panos Priftakis, Regulation Manager, by e-mail to panos.priftakis@snowyhydro.com.au.

Yours sincerely,



Kevin Ly
Head of Wholesale Regulation
Snowy Hydro

