

## **Notice to Gas Supply Hub Exchange Members of amendments to the Gas Supply Hub Benchmark Price Methodology**

This Notice advises all Gas Supply Hub Exchange members and other interested stakeholders that AEMO has completed its consultation on amendments to the Gas Supply Hub Benchmark Price Methodology (GSH IIR 015).

AEMO proposed changes to the Gas Supply Hub Benchmark Price Methodology to amend the existing Wallumbilla Benchmark price so that it is inclusive of both netted and non-netted day-ahead trades (i.e. all trades between 9am and 5pm in the Day-ahead product). AEMO also proposed to publish an end of day benchmark price for the Day Ahead South East Queensland product.

Taking into account the assessment provided in the Impact and Implementation Report (IIR), AEMO has decided to implement the proposed amendment, effective from 1 December 2018.

AEMO received two submissions from stakeholders in response to the proposed amendments to the Benchmark Price Methodology as outlined in the IIR. A summary of the comments is shown in Attachment A.

The changes will be incorporated in version 3.0 of the Gas Supply Hub Benchmark Price Methodology by including the amendments outlined in Attachment B. As required by the Gas Supply Hub Exchange Agreement clause 3.3(d) (iv), AEMO informs Participants that version 3.0 of the Gas Supply Hub Benchmark Price Methodology will be effective from 1 December 2018.

**Notice Date: 29 October 2018**

**Attachment A: Summary of stakeholder comments on Gas Supply Hub Exchange Agreement Consultation IIR 014**

Organisation	Summary of comment	AEMO's Response
Arrow	Supportive of the proposed change.	Noted, the proposed amendments will be made.
Origin	Supportive of the proposed change.	Noted, the proposed amendments will be made.

## ATTACHMENT A

### Documentation Changes

#### GAS SUPPLY HUB – End of Day Benchmark Price Methodology

##### 1. Introduction

Clause 10.3 of the gas trading exchange agreement (Exchange Agreement) allows for the Operator to publish a benchmark price for a Product, in accordance with a published methodology.

AEMO has decided to publish an end of day benchmark prices ("EOD Benchmark Price") for the Day Ahead Netted ~~and Day Ahead Non-Netted~~ Gas Products ~~for the Wallumbilla Trading Location (the "Applicable Product"). This document sets out the methodology to be used to calculate the EOD Benchmark Price. The Benchmark price will be published for the following locations:~~

- (1) Wallumbilla
- (2) South East Queensland

This document sets out the methodology to be used to calculate the EOD Benchmark Price.

For the purpose of determining the EOD Benchmark Price, ~~for the Wallumbilla Trading Location~~, references in the methodology to Transactions, Bids or Offers for the Location mean all Transactions, Bids or Offers for the ~~Wallumbilla Trading~~ Locations noted above.

AEMO intends to publish the EOD Benchmark Prices for the Day Ahead Gas Product each day.

The EOD Benchmark Price is subject to change or correction by AEMO at any time.

##### 2. Definitions

Words and phrases in this methodology are either defined in this document or have the meaning given to them in the National Gas Rules or the Exchange Agreement.

##### 3. Methodology

###### Step 1

Subject to the methodology conditions noted below, the EOD Benchmark Price for a day for a Location for the Applicable Product is:

- (a) the volume weighted average price per Unit of all Transactions for the Location for the Applicable Product made on that day; or
- (b) if there are no Transactions made on that day for the Location for the Applicable Product, determined in accordance with Step 2

###### Step 2

The EOD Benchmark Price for a day for a Location for the Applicable Product will be the EOD Benchmark Price published for the previous day for that Location, unless:

- (a) there is an open Bid price at the end of the trading day 13:00 AEST on the day for the Location for the Applicable Product that is higher than the EOD Benchmark Price published for the previous day for that Location, ~~in which case the EOD Benchmark Price for the day will be the highest Bid price at 14:00 AEST on the day;~~ or
- (b) there is an open Offer price at the end of the trading day 13:00 AEST on the day for the Location for the Applicable Product that is lower than the EOD Benchmark Price published for the previous day for that Location, ~~in which case the EOD Benchmark Price for the day will be the lowest Offer price at 13:00 AEST on the day.~~

#### **Methodology Conditions**

- (a) Only Transactions, Bids and Offers on the Exchange Trayport trading screen will be included in the determination of an EOD Benchmark Price.
- (b) Pre-matched Trades will not be included in the determination of an EOD Benchmark Price.
- (c) Conditional Bids or Offers (i.e. All or None) will not be included in the determination of an EOD Benchmark Price under Step 2.
- (d) Only Bids or Offers for at least 5TJ/day will be included in the determination of an EOD Benchmark Price under Step 2.
- (e) Only Bids or Offers that are open and displayed on the Exchange Trayport trading screen for at least 5 continuous minutes will be included in the determination of an EOD Benchmark Price under Step 2.
- (f) The volume weighted average price per Unit under Step 1 will be calculated to two decimal places.
- (g) Where a there has never been a Transaction, Bid or Offer for the Applicable Product for a Location, the initial default EOD Benchmark Price for the Applicable Product for that Location will be \$5/GJ.