



NOTICE OF DETERMINATION

Notice to all Registered Participants (Participants) under the National Gas Rules (NGR)

This notice advises all Participants and other interested stakeholders on AEMO's decision to amend the:

Gas Supply Hub Exchange Agreement

The changes to Gas Supply Hub Exchange Agreement seek to:

- Introduce custom delivery periods for certain Gas Supply Hub products.
- Extend the trading window for non-netted trades in monthly products to twelve months.

Consultation on changes to the Gas Supply Hub Exchange Agreement concluded on 20 August 2020.

AEMO received one submission in response to the IIR. The submission and AEMO's response are outlined in Attachment A.

The changes will be incorporated in version 13.1 of the Gas Supply Hub Exchange Agreement. As required by the Gas Supply Hub Exchange Agreement clause 3.3(d) (iv), AEMO informs Participants that version 13.1 of the Gas Supply Hub Exchange Agreement will be effective from 22 September 2020.

Notice Date: 31 August 2020



Attachment A: Summary of stakeholder comments on Gas Supply Hub Exchange Agreement Consultation
IIR 018

Organisation	Summary of comment	AEMO's response
PetroChina	Supportive of the initiatives.	Noted, AEMO has determined to proceed with implementation.
Senex	Support the initiatives in principle, with some concerns about potential attractiveness / barriers to entry for smaller players.	Noted, AEMO has determined to proceed with implementation. See below for other responses.
Senex	Query whether the fee structure for trades using a custom delivery period (which reflect the fees for a daily product) could be reduced. Suggest that fees could be aligned with the fees for similar transaction tenors e.g. a custom delivery period for a month pays a fee equivalent to a monthly product.	<p>AEMO has developed custom delivery periods by leveraging the existing daily product functionality on the trading exchange. Using the daily product helped to minimise implementation cost and complexity. Consequently, custom deliver periods are only permitted for the daily product and will and need to leverage the existing systems and terms and conditions for daily products (including the transaction fee).</p> <p>The changes AEMO has made to Exchange Agreement are flexible and will allow custom delivery periods to be permitted for other product types in the future in response to demand from industry. In the meantime, Members may continue to execute off-market trades in weekly and monthly products in combination with the new custom delivery periods for daily products.</p>
Senex	Recommends that AEMO amend the prudential methodology for longer-dated trades in non-netted monthly products as the collateral requirements may minimise the likelihood of trades being executed.	<p>Longer-dated monthly products are being introduced under the existing framework at the request of industry.</p> <p>AEMO recognises the challenges associated with collateral management for longer-dated GSH products under the GSH 'spot market' approach to prudential management. AEMO is currently working with the ASX to develop a physical gas futures product that would provide a more efficient approach to collateral requirements for longer-term forward trading.</p>