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6 July 2007

Mr John Savage  
Bulletin Board Working Group Business and Data Requirements Consultation Paper

Via email: [john.savage@vencorp.vic.gov.au](mailto:john.savage@vencorp.vic.gov.au)

Dear Mr Savage

I am pleased to be able to provide this submission to the Gas Market Leaders Group on behalf of Queensland Gas Company (QGC).

### **Introduction**

QGC is a publicly-listed gas producer and integrated energy supplier. QGC holds interests in 7,500 km<sup>2</sup> of production and exploration permits in the gas-rich Surat Basin of southern Queensland. QGC's tenements are strategically located, being adjacent to existing gas transportation pipeline networks which provide direct access to Queensland's gas demand centres, and underlying the electricity transmission line linking Queensland to New South Wales. The Company's successful exploration and development activities have provided a solid foundation for future growth, with ample reserves of coal seam gas (CSG) ready to meet Australia's growing demand for clean, efficient energy.

QGC support the long term aim of developing a hub-based gas market with competitive and transparent pricing similar to that achieved in the USA with the Henry Hub. QGC remains concerned that the current arrangements for regulated access to gas transmission systems and the reliance (outside of Victoria) on contract carriage arrangements are likely to limit or slow the development of a competitive gas market. Ease of access to gas transport infrastructure is critical to the future development of the CSG industry as it supports growth in the eastern Australian market and supplants declining conventional gas resources such as the Cooper Basin. Current project developments in this sector exemplify CSG's emergence as a major contributor to the long-term secure supply of gas to eastern Australian markets. In this context, it is considered that pipeline access based on some form of market based carriage would be more likely to aid the timely development of both new sources of supply and competitive spot markets.

QGC welcomes proposals by the Bulletin Board Working Group (BBWG) that assist in the development of competitive and liquid gas markets, while noting that such an achievement will not be realised quickly. As such, the focus of business and data requirements should be to aid

competitive gas market development rather than stymie it by introducing unnecessarily heavy informational burdens that have the potential to distort development incentives.

### **Exemptions**

A diversified and integrated energy market will be comprised of a range of gas production facilities some of which will be unsuited to interconnection into a national energy market. QGC suggest that the GMLG consider excluding from the Bulletin Board (BB) requirements some gas production facilities such as those, for example, dedicated to electricity generation, or the production of LNG where such facilities lack re-gasification ability. Such production facilities are dedicated to non-market supply and should be excluded from the BB as they will not be used to supply major demand centres. Further, their gas production quality may not meet minimum standards for injection into transmission pipelines.

### **Data Requirements**

QGC believes that all information to be collected by the BB should first be assessed to ensure there is a net benefit from its collection and publication. Benefits from collecting the information should outweigh the costs to individual participants from providing it. BB data lacking a clearly demonstrated use and benefit should not be collected.

QGC supports the data requirements for production facilities dedicated to supply into transmission pipelines, based around nameplate rating as outlined in the Consultation Paper. With respect to daily production, QGC considers that forecasts should only be required to be updated/alterd when there is a material change, whether planned or unplanned. Production companies do not change their production rates on a daily basis, rather production is optimised according to sales contracts. Because of this, a requirement for more regular updating of daily production capacity is inappropriate, and would introduce a compliance cost that outweighs any possible benefit that could be realised from such reporting.

Ideally maximum daily capacity figures should be provided rather than daily production figures. However, maximum daily capacity figures may still be misleading in terms of potential supply to consumers due to other downstream constraints, primarily pipeline capacity. BB data should be used to identify these constraints, and must be capable of doing so.

The draft proposal infers that prices should be posted for potential supply at gas demand centres. In the absence of market carriage it is impractical for producers or trading entities to maintain pipeline access and the associated capacity charges for notional or potential supply of gas.

QGC is concerned that information may be sought from a producer that duplicates information provided by other market participants, such as pipelines. A fundamental principal that should underpin any BB information requirements is that unnecessary information duplication should be avoided. That is, the information requirements placed on production facilities should not duplicate information provided by other market participants. For example, actual production nominations will have been requested from the producer by the pipeline, and such information is therefore reflected in the aggregated information that may be sought from the pipeline.

Duplication of this aggregated data by requiring it from the production facility should be avoided as it presents an unnecessary compliance cost for the facility.

QGC does not believe that there is currently a justification for provision of historical actual production and storage data. Any requirement for an individual production or storage facility to provide its actual production on a daily basis will introduce a compliance cost that is unlikely to be offset by market development gains. Provision of such information is not practical and may impact on investment. If historical production and storage data is to be collected, it should be based upon pipeline deliveries and take the form of aggregate flows from a supply hub to city gate.

Although transparency is supported, the confidentiality of bilateral contracts, in particular those already made prior to the inception of the BB, should be respected. There should be no retrospective impact on customer confidentiality from the implementation of the BB. Only short term market prices and volumes should be publicly accessible.

#### **Emergency Situations and Legal Liability**

QGC supports the provision by market participants of the most accurate data possible during emergency situations. At least initially, text comment updates will provide an appropriate arrangement. In providing relevant information in a timely manner during an emergency, there is a real risk that data provided may subsequently prove to be incorrect. To the greatest extent possible under the law, the provider of information should enjoy immunity from liability to other participants and third parties to minimise reticence to provide full and timely information, particularly during uncertain market events or emergencies.

Please do not hesitate to contact me on (07) 3004 1000 if I can be of any further assistance in relation to this submission.

Yours sincerely

Clem Hodda  
Portfolio Manager