

**From:** George Foley [mailto:GFoley@agl.com.au]  
**Sent:** Friday, 22 November 2013 11:43 AM  
**To:** Meng Sam; GWCF\_Correspondence  
**Subject:** PPC - Wholesale Administered Pricing Procedures (Victoria)

Hi Meng,

I am responding to the proposed procedure change whose consultation period closes today.

The key change to AEMO's Wholesale Administered Pricing Procedures (Victoria) is the reduction in the Cumulative Price threshold (**CPT**) from its current level of \$3,700 over 35 consecutive schedules to a new level of \$1,800 over 35 consecutive schedules.. This recommendation was the eventual outcome of the review of CPT requested by the Gas Wholesale Consultative Forum and after due consideration of the extensive analysis conducted by AEMO. Most members of the GWCF agreed with the change, and this is reflected in the minutes of the meeting. Implementing this change, in line with the wishes of the majority of the GWCF, will ensure that the CPT automatically triggers APC when continued high market prices no longer provide the incentive to bring on more gas (owing to the depletion of LNG by then).

AGL fully supports the changes to Wholesale Administered Pricing Procedures (Victoria), as we did in our formal response of 7 July 2013 to the draft report of the CPT review. As we said in that letter, it was the GWCF's explicit understanding that this particular review was never to be about the level of VoLL or the APC, both of which had undergone a thorough review in 2008, and subsequent participant and market experience was that there was no compelling reason to revisit these parameters.

George



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