



Attachment 1 Draft package of legislative and regulatory changes

1. Draft National Gas Laws Amendments (Capacity Trading and Auctions)

2. Draft National Gas Rules

- 2.1 Part 15A: Registered participants
- 2.2 Part 18: Natural Gas Services Bulletin Board
- 2.3 Part 22: Gas Trading Exchange
- 2.4 Part 24: Facilitating capacity trades and the capacity auction
- 2.5 Part 25: Capacity Auction
- 2.6 Part 26: Standard market timetable
- 2.7 Schedule 5: Transitional provisions for the introduction of the capacity trading reforms

3. Draft initial Operational Transportation Service Code

4. Outline of the Capacity Transfer and Auction Procedures



1. Draft National Gas Laws Amendments (Capacity Trading and Auctions)

National Gas Laws Amendments (Capacity Trading and Auctions)

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National Gas Laws Amendments (Capacity Trading and Auctions)

1 Name of Amendments

These are the *National Gas Laws Amendments (Capacity Trading and Auctions)*.

2 Commencement

These amendments commence

Schedule 1 Amendment of National Gas Law

[1] Section 2 Definitions

Insert “or 223A (1)” after “section 223 (1)” in paragraph (a) of the definition of **Bulletin Board information** in section 2 (1).

[2] Section 2 (1)

Insert in alphabetical order:

capacity auction means an auction through which a person may buy transportation capacity;

capacity auction agreement means an agreement that relates to the participation in a capacity auction and to which AEMO and persons participating in the capacity auction are parties;

capacity auction functions—the capacity auction functions of AEMO are set out in section 91BRM;

capacity auction information means information that—

- (a) a person gives to AEMO, to comply with section 91FEE (1); or
- (b) a person gives, in circumstances expressly required or permitted by the Procedures or Rules—
 - (i) to AEMO in its capacity as operator of a capacity auction in which the person participates; or
 - (ii) to AEMO in its capacity as operator of a regulated gas market or a gas trading exchange if that information is to be used for the purpose of a capacity auction in which the person participates;

capacity auction participant means a person (other than AEMO) who is, or who was at the relevant time, a party to a capacity auction agreement;

Capacity Transfer and Auction Procedures means Procedures directed at the operation and administration of capacity auctions and transaction support arrangements;

compression service facility means—

- (a) a facility (whether or not forming part of another facility or located on or connected to another facility) for compressing natural gas; or
- (b) a part of a facility referred to in paragraph (a), but does not include—
- (c) a facility operated as part of a gathering system operated as part of an upstream producing operation; or
- (d) anything downstream of a point on a pipeline from which a person takes natural gas for consumption purposes;

initial Operational Transportation Service Code means the Operational Transportation Service Code made under section 294G.

operational transportation service means—

- (a) a transportation service that is provided under an operational transportation service agreement; and
- (b) a service ancillary to the provision of a service referred to in paragraph (a);

operational transportation service agreement means an agreement between a transportation service provider and a transportation facility user that provides for—

- (a) the transportation facility user to receive a transfer of transportation capacity acquired through any of the following means—
 - (i) a capacity auction; or
 - (ii) a gas trading exchange; or
 - (iii) any other means provided for in the agreement; and
- (b) the terms and conditions applicable to the provision and use of the transportation service the subject of the transportation capacity;

Operational Transportation Service Code has the meaning given by section 228G.

secondary capacity transaction means a disposal by a transportation facility user to another person of a right to use transportation capacity, including disposal by means of—

- (a) transfer, sale, assignment, exchange or other disposal; and
- (b) the grant of a right to use, directly or indirectly, the transportation capacity;

Note. see the definition of ***transfer***

standard gas day means the 24 hour period starting at the time specified in the Rules.

standard market timetable means the standard market timetable specified in the Rules in accordance with section 83B.

standard operational agreement means an operational transportation service agreement published by a transportation service provider in accordance with section 228B as amended or replaced from time to time.

transaction support arrangements means arrangements to facilitate transactions with respect to transportation capacity and related goods and services concluded or to be concluded through a gas trading exchange or a capacity auction;

transfer, in relation to transportation capacity, includes a reduction in a person's right to the transportation capacity and a corresponding increase in another person's right to transportation capacity, whether or not on the same terms and conditions;

transportation capacity means a right under a contract with a transportation service provider to be provided with a transportation service by means of the transportation service provider's transportation facility, for a given quantity of natural gas over a given period of time;

transportation facility means—

- (a) a pipeline; or
- (b) a compression service facility; or
- (c) another facility of a type specified by the Regulations for the purposes of this paragraph;

transportation facility user means a person who is a party to a contract with a transportation service provider under which the transportation service provider provides, or intends to provide, a transportation service to that person by means of a transportation facility and includes a user and a non scheme pipeline user;

transportation service means—

- (a) a pipeline service; or
- (b) a service provided by means of a compression service facility; or

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- (c) a service provided by means of any other facility of a type specified by the Regulations for the purposes of paragraph (c) of the definition of transportation facility;

transportation service provider means—

- (a) a service provider; and
- (b) a person who—
 - (i) owns, controls or operates; or
 - (ii) intends to own, control or operate, a compression service facility; and
- (c) a person who—
 - (i) owns, controls or operates; or
 - (ii) intends to own, control or operate, a facility specified by the Regulations for the purposes of paragraph (c) of the definition of transportation facility;

[3] Section 2 (1), definition of "initial National Gas Rules"

Omit "or 294E". Insert instead "294E, 294F or 294G".

[4] Section 2 (1), definition of "Natural Gas Services Bulletin Board"

Insert "and secondary capacity transactions" after "services".

[5] Section 8 (3)

Insert after section 8 (2):

- (3) If AEMO controls or operates (without at the same time owning) a compression service facility or another facility of a type prescribed by the Regulations for the purposes of paragraph (c) of the definition of ***transportation facility*** in this section, AEMO is not for that reason to be taken to be a transportation service provider for the purposes of this Law.

[6] Section 27 Functions and powers of the AER

Insert after section 27 (1) (e):

- (e1) to make and amend the Operational Transportation Service Code in accordance with this Law and the Rules; and

[7] Section 74 Subject matter for National Gas Rules

Insert "and secondary capacity transactions" after "gas services" in section 74 (1) (a) (iii).

[8] Section 74 (1) (aab)–(aad)

Insert after section 74 (1) (aaa):

- (aab) the capacity auction functions of AEMO, the operation of a capacity auction and the activities of transportation service providers and transportation facility users in connection with a capacity auction;
- (aac) transaction support arrangements; and
- (aad) access to and the provision of operational transportation services; and

[9] Section 74 (3) (fb)

Insert after section 74 (3) (fa):

- (fb) provide for Procedures governing the operation of capacity auctions and transaction support arrangements;

[10] Sections 83B–83D

Insert after section 83A:

83B Standard market timetable

- (1) Without limiting any other provision, the Rules may provide for a standard market timetable.
- (2) The standard market timetable may—
 - (a) specify the start time of a standard gas day;
 - (b) provide for the times for exchange of information about use of transportation services and deliveries and receipts of natural gas;
 - (c) provide for the circumstances in which the standard market timetable must be used, which may include provision in relation to any of the following—
 - (i) transportation services;
 - (ii) the supply, production and storage of natural gas;
 - (iii) the measurement and allocation of deliveries and receipts of natural gas;
 - (iv) a regulated gas market, a gas trading exchange and a capacity auction.
- (3) Without limiting any other provision, the Rules may require a person of the following kind to implement the standard market timetable in accordance with the Rules—
 - (a) a transportation service provider;
 - (b) a transportation facility user;
 - (c) a person who measures, or determines the allocation of, deliveries and receipts of natural gas;
 - (d) a producer;
 - (e) a storage provider;
 - (f) any other person of a kind prescribed by the Regulations for the purposes of this subsection.

83C Implementation of standard market timetable

A person required by the Rules to implement the standard market timetable must do so in accordance with the Rules.

83D False or misleading statements

A person of the following kind must not, in connection with the supply or possible supply of goods and services, make a false or misleading representation concerning the effect of the implementation of the standard market timetable by that person on the price for the supply of the goods or services:

- (a) a transportation service provider;
- (b) a transportation facility user;
- (c) a person who measures, or determines the allocation of, deliveries and receipts of natural gas;
- (d) a producer;
- (e) a storage provider;

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- (f) any other person of a kind prescribed by the Regulations for the purposes of section 83B (3).

Maximum penalty:

- (a) in the case of a natural person—\$2 000;
- (b) in the case of a body corporate—\$10 000.

[11] Section 91A— AEMO's statutory functions

Insert “capacity auctions and transaction support arrangements” after “parts of markets,” in section 91A (1) (ba).

[12] Section 91A (1) (gb) and (gc)

Insert after section 91A (ga):

- (gb) the capacity auction functions;
- (gc) to establish, operate and administer transaction support arrangements;

[13] Chapter 2, Part 6, Divisions 2C–2E

Insert after section 91BRL:

Division 2C Capacity auctions for transportation services

91BRM AEMO's capacity auction functions

- (1) AEMO's capacity auction functions are as follows:
 - (a) to establish, operate and administer 1 or more capacity auctions;
 - (b) in relation to a capacity auction, to make and administer capacity auction agreements;
 - (c) to make, amend or revoke Procedures governing the operation and administration of a capacity auction.
- (2) AEMO may trade in transportation capacity to the extent necessary or desirable for the efficient operation of a capacity auction.
- (3) AEMO may, subject to the Rules and Procedures and the relevant capacity auction agreement, suspend a capacity auction.

91BRN Capacity auctions not to constitute a regulated gas market

A capacity auction is not a regulated gas market.

91BRO Immunity

- (1) A protected person incurs no civil monetary liability to a transportation facility user by reason of the sale of transportation capacity through a capacity auction to a person other than the transportation facility user where the protected person is required by the Rules to offer that transportation capacity for sale through that capacity auction.
- (2) In this section—

protected person means—

 - (a) AEMO; or
 - (b) a transportation service provider.

Division 2D Capacity Transfer and Auction Procedures

91BRP Making of Capacity Transfer and Auction Procedures

AEMO may, in accordance with the Rules, make Capacity Transfer and Auction Procedures.

91BRQ Nature of Capacity Transfer and Auction Procedures

- (1) Capacity Transfer and Auction Procedures are a form of statutory instrument directed at—
 - (a) the effective operation and administration of a capacity auction in accordance with the Rules; and
 - (b) the effective operation and administration of transaction support arrangements.
- (2) The Capacity Transfer and Auction Procedures may deal with the following matters:
 - (a) the matters specified by the Rules;
 - (b) any other matter relevant to capacity auctions or the gas trading exchange on which this Law or the Rules contemplate the making of Procedures.
- (3) The Capacity Transfer and Auction Procedures—
 - (a) may vary according to the persons, times, places or circumstances to which they are expressed to apply; and
 - (b) may confer functions or powers on, or leave any matter or thing to be decided by, AEMO; and
 - (c) may confer rights or impose obligations on a transportation service provider, a transportation facility user, a capacity auction participant or a gas trading exchange member; and
 - (d) may confer power on AEMO to make or issue guidelines, tests, standards and other documents of an administrative nature; and
 - (e) may confer power on AEMO to require a person on whom a right is conferred, or an obligation imposed, under the Procedures—
 - (i) to comply with a guideline, standard or other document of an administrative nature; or
 - (ii) to conduct, or submit to, a test designed by AEMO under the Procedures; and
 - (f) may exempt, or confer a power of exemption, from the application of the Procedures or specified provisions of the Procedures; and
 - (g) may contain provisions of a savings or transitional nature.
- (4) AEMO must not, without the consent of the MCE, make Capacity Transfer and Auction Procedures that confer a right or function, or impose an obligation, on the MCE or a Minister of a participating jurisdiction.
- (5) The Capacity Transfer and Auction Procedures cannot—
 - (a) create an offence; or
 - (b) provide for a criminal or civil penalty.

91BRR Compliance with Capacity Transfer and Auction Procedures

- (1) AEMO and each person to whom the Capacity Transfer and Auction Procedures are applicable must comply with those Procedures.

- (2) If AEMO has reasonable grounds to suspect a breach of the Capacity Transfer and Auction Procedures, it must, after making such inquiries and investigation as it considers appropriate, make a decision as to whether the breach is a material breach.
- (3) If AEMO decides the breach is material, AEMO—
 - (a) must publish the decision and the reasons for it on its website; and
 - (b) may direct the person suspected of the breach to rectify it or to take specified measures to ensure future compliance (or both); and
 - (c) may refer the breach to the AER.
- (4) A direction by AEMO under subsection (3)(b) must—
 - (a) specify the breach; and
 - (b) specify the date by which the direction is to be complied with; and
 - (c) be addressed to, and given to, the person suspected of the breach.
- (5) A person to whom a direction is given under subsection (3)(b) must comply with the direction.
- (6) AEMO must give a copy of its decision under subsection (2), its reasons for the decision and (if relevant) any direction under subsection (3)(b) to the AER.
- (7) If AEMO decides the breach is not material, AEMO must give a copy of the decision and the reasons for it to the AER.

Note— AEMO may provide the AER with relevant information (including protected information) related to a suspected breach of the Procedures. (For disclosure of protected information, see section 91GG(1)(b).)

Division 2E Transportation service provider registration

91BRS Registration obligation

- (1) A transportation service provider must register with AEMO under the Rules unless exempted from registration under this section in accordance with the Rules.
- (2) A transportation service provider for 2 or more transportation facilities must be registered (or be exempted from registration) in respect of each of those facilities.
- (3) For performing statutory functions, AEMO is not required to be registered.

91BRT Exemptions from obligation to register

- (1) A transportation service provider or a person who intends to be a transportation service provider may request the AER to exempt that person from the requirement to register a transportation facility under section 91BRS.
- (2) A request under subsection (1) must be made in accordance with the Rules.
- (3) On receipt of a request under subsection (1), the AER may, subject to the Rules, grant the person the exemption.
- (4) An exemption granted under subsection (3) may be subject to such terms and conditions as may be required by the Rules or as the AER considers appropriate in accordance with the Rules.

91BRU Certificates of registration and exemption from registration

- (1) A certificate signed by an authorised officer certifying that a person named in the certificate is registered, or exempt from registration, is evidence of the registration or exemption.
- (2) For this section, an *authorised officer* is:
 - (a) in relation to registration— AEMO's CEO or a person authorised by the CEO to issue certificates under this section; or
 - (b) in relation to exemption— AER's CEO or a person authorised by the CEO to issue certificates under this section.

[14] Chapter 2, Part 6, Division 6, Subdivisions 3 and 4

Insert after section 91FED:

Subdivision 3 Capacity auction information

91FEE Obligation to give information to AEMO

- (1) A person of the following kind who has possession or control of information that relates to and is necessary for the operation and administration of a capacity auction by AEMO or the performance of any other capacity auction functions of AEMO must give AEMO the information for use by AEMO for the operation and administration of that capacity auction or performance of that other function if the person is required to do so under the Procedures or Rules:
 - (a) a capacity auction participant;
 - (b) a transportation service provider;
 - (c) a transportation facility user;
 - (d) another person who is prescribed by the Regulations for the purposes of this subsection.
- (2) The information must be given to AEMO in accordance with the Procedures or Rules.
- (3) Subsection (1) does not apply if the person is exempt under the Rules from giving the information.
- (4) However, subsection (1) does not require—
 - (a) a person to disclose information that is the subject of legal professional privilege; or
 - (b) a natural person to disclose information that would incriminate the person or make the person liable to a criminal penalty under the law of an Australian jurisdiction (whether or not the jurisdiction is a participating jurisdiction).

91FEF Person cannot rely on duty of confidence to avoid compliance with obligation

A person must not refuse to comply with the requirement in section 91FEE(1) on the ground of any duty of confidence.

91FEG Giving to AEMO false and misleading information

A person must not give capacity auction information to AEMO that the person knows is false or misleading in a material particular.

Maximum penalty:

- (a) in the case of a natural person—\$2 000;
- (b) in the case of a body corporate—\$10 000.

91FEH Immunity of persons giving information to AEMO

- (1) A person who gives capacity auction information to AEMO does not incur any civil monetary liability for an act or omission in preparing or giving that information unless the act or omission is done or made in bad faith or through negligence.
- (2) The civil monetary liability for an act or omission of a kind referred to in subsection (1) done or made through negligence may not exceed the prescribed maximum amount.
- (3) The Regulations may, for the purposes of subsection (2), without limitation do all or any of the following:
 - (a) prescribe a maximum amount that is limited in its application to persons, events, circumstances, losses or periods specified in the Regulations;
 - (b) prescribe maximum amounts that vary in their application according to the persons to whom or the events, circumstances, losses or periods to which they are expressed to apply;
 - (c) prescribe the manner in which a maximum amount is to be divided amongst claimants.
- (4) A person mentioned in subsection (1) may enter into an agreement with another person varying or excluding the operation of a provision of this section and, to the extent of that agreement, that provision does not apply.

Subdivision 4 Information used for a capacity auction

91FEI Giving false and misleading information used for capacity auctions

A person must not give to a transportation service provider information that relates to and is necessary for the operation and administration of a capacity auction by AEMO or the performance of other capacity auction functions of AEMO that the person knows is false or misleading in a material particular.

Maximum penalty:

- (a) in the case of a natural person—\$2 000;
- (b) in the case of a body corporate—\$10 000.

[15] Section 91GG Disclosure of protected information for safety, proper operation of the market etc

Insert “, a capacity auction or the Capacity Transfer and Auction Procedures” after “market” in section 91GG (1) (b).

[16] Section 91H Obligations under Rules or Procedures to make payments

Omit the definition of “Registered participant” from section 91H (4). Insert instead:

Registered participant includes the following:

- (a) an exempted participant;
- (b) a capacity auction participant;

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- (c) a transportation service provider registered with AEMO under section 91BRS;
- (d) a gas trading exchange member.

[17] Section 218 AEMO's obligation to maintain Bulletin Board

Insert "and secondary capacity transactions" after "services" wherever occurring in section 218.

[18] Section 219 AEMO's other functions as operator of Natural Gas Services Bulletin Board

Insert "and secondary capacity transactions" after "services" in section 219 (b).

[19] Section 223 Obligation to give information to AEMO about natural gas and natural gas services

Insert after section 223 (1) (a):

- (b) a person who determines the allocation of deliveries and receipts of natural gas;

[20] Section 223A

Insert after section 223:

223A Obligation to give information to AEMO about secondary capacity transactions

- (1) A person of the following kind who has possession or control of information in relation to secondary capacity transactions must give AEMO the information if the person is required to do so under the Rules:
 - (a) a transportation service provider;
 - (b) a transportation facility user;
 - (c) another person who is prescribed by the Regulations for the purposes of this subsection.
- (2) The information must be given to AEMO in accordance with the Rules.
- (3) Subsection (1) does not apply if the person is exempt under the Rules from giving the information.
- (4) AEMO must make available for the operation of the Bulletin Board information about secondary capacity transactions that it acquires in its capacity as operator or administrator of a gas trading exchange.

[21] Section 224 Person cannot rely on duty of confidence to avoid compliance with obligation

insert "or 223A (1)" after "section 223 (1)".

[22] Chapter 7A

Insert after section 228A:

Chapter 7A Access to operational transportation services

Part 1 Standard terms for operational transportation services

228B Transportation service providers to publish standard operational agreements

- (1) The transportation service provider for a transportation facility must publish on its website a form of operational transportation agreement in respect of the transportation facility that complies with the applicable requirements of the Rules and the Operational Transportation Service Code (a standard operational agreement).
- (2) Subsection (1) does not apply in relation to a transportation facility exempted from subsection (1) under the Rules.
- (3) The transportation service provider for a transportation facility must, where required by the Rules or the Operational Transportation Service Code, publish on its website an amended standard operational agreement in respect of the transportation facility.
- (4) The transportation service provider for a transportation facility may, where permitted by the Rules or the Operational Transportation Service Code, publish on its website an amended standard operational agreement in respect of the transportation facility.

228C Formation of contracts on standard terms

- (1) The transportation service provider for a transportation facility must on request by any person made in respect of the transportation facility—
 - (a) offer to enter into the standard operational agreement for the transportation facility; and
 - (b) if the offer is accepted, enter into the agreement.
- (2) Subsection (1) does not apply in the circumstances specified in the Rules.
- (3) A standard operational agreement takes effect as a contract between the transportation service provider and another person when:
 - (a) the other person accepts the transportation service provider's offer to enter into the standard operational agreement; and
 - (b) any pre-conditions to the formation of the contract are satisfied.
- (4) A contract formed in accordance with subsection (3) may be amended in accordance with its terms.
- (5) A contract formed in accordance with subsection (3) expires and may be terminated in accordance with its terms.

228D Requirements relating to standard operational agreements

Without limiting any other provision, the Rules may make provision for or with respect to such things as:

- (a) the time and manner of publication of standard operational agreements; and
- (b) the form and content of standard operational agreements, including the transportation services that may be available for use under standard operational agreements; and

- (c) offers to enter into standard operational agreements; and
- (d) amendments to standard operational agreements and contracts in the form of standard operational agreements; and
- (e) matters of a savings or transitional nature.

228E Service provider may enter into agreements different from standard operational agreement

Subject to section 83C, nothing in this Law is to be taken as preventing a transportation service provider from entering into an operational transportation service agreement with a transportation facility user or a prospective transportation facility user that is different to a standard operational agreement published by the transportation service provider under section 228B.

Part 2 Operational Transportation Service Code

228F Operational Transportation Service Code

The AER may, in accordance with the Rules:

- (a) amend or replace the initial Operational Transportation Service Code, and
- (b) from time to time make subsequent amendments or replacements to the amended or replaced Code.

228G Nature of the Operational Transportation Service Code

- (1) The Operational Transportation Service Code (*the Code*) is:
 - (a) the initial Operational Transportation Service Code; or
 - (b) if the initial Operational Transportation Service Code is amended or replaced under section 228F—that Code as amended or replaced and as subsequently amended or replaced from time to time under that section.
- (2) The Code is made under the Rules and specifies the content of, or requirements for the content of, standard operational agreements, including the transportation services that may be provided under a standard operational agreement and the terms and conditions applicable for use of those transportation services.
- (3) The Code may deal with the following matters:
 - (a) the matters specified by the Rules;
 - (b) any other matter relevant to standard operational agreements which this Law or the Rules contemplate being dealt with in the Code.
- (4) The Code may specify provisions or classes of provisions that:
 - (a) confer rights or impose obligations under standard operational agreements; and
 - (b) vary according to the persons, times, places or circumstances to which they are expressed to apply; and
 - (c) must be made by a transportation service provider in accordance with the Rules or Code and incorporated in the standard operational agreement; and
 - (d) must not be included in standard operational agreements.
- (5) The Code may contain provisions of a savings or transitional nature.

- (6) AER must not, without the consent of the MCE, make a provision in the Code that confers a right or function, or imposes an obligation, on the MCE or a Minister of a participating jurisdiction.
- (7) The Code cannot—
 - (a) create an offence; or
 - (b) provide for a criminal or civil penalty.

Part 3 Other matters relating to access to operational transportation services

228H Service requirements may be specified in the Rules

Without limiting any other provision, the Rules may make provision for or with respect to the following:

- (a) principles that must be complied with when specifying terms and conditions for standard operational agreements;
- (b) charges under standard operational agreements and review of those charges by AER;
- (c) the priority to be given to a transportation service provided under a standard operational agreement;
- (d) the grouping into zones of points on a transportation facility where natural gas may be injected or withdrawn and the provision and use of transportation services using zones;
- (e) the obligations of transportation service providers to facilitate and give effect to requests to transfer transportation capacity;
- (f) the use of an operational transportation service after termination or suspension of the contract from which the transportation capacity was first derived;
- (g) requests by a transportation facility user for changes to the point on a transportation facility where natural gas may be injected or withdrawn;
- (h) the collection, recording and use of information about nominations for use of transportation capacity and the scheduling of that use.

228I When operational transfer must be offered

- (1) If a transportation facility user states terms and conditions (the *first terms*) on which the user offers to grant to another person a right to use, directly or indirectly, the transportation capacity of the user without arranging for its transfer to the other person, the user must, on request by the person, state the terms and conditions on which the user will arrange for a transfer of the transportation capacity to the person for use under an operational transportation service agreement (the *second terms*).
- (2) If there is a difference in the price stated in the first terms and the second terms, the transport facility user making the offer must include in the second terms a statement of the reasons for the difference.

228J Preventing or hindering access to operational transportation services

- (1) A person who is—
 - (a) a transportation service provider; or
 - (b) a transportation facility user; or

- (c) an associate of a transportation service provider or a transportation facility user,
must not engage in conduct for the purpose of preventing or hindering the access of another person to an operational transportation service.
- (2) For the purposes of subsection (1), a person is deemed to engage in conduct for a particular purpose if—
 - (a) the conduct is or was engaged in for that purpose or for a purpose that includes, or included, that purpose; and
 - (b) that purpose is or was a substantial purpose.
- (3) A person may be taken to have engaged in conduct for the purpose referred to in subsection (1) even though, after all the evidence has been considered, the existence of that purpose is ascertainable only by inference from the conduct of the person or of any other person or from other relevant circumstances.
- (4) Subsection (3) does not limit the manner in which the purpose of a person may be established for the purpose of subsection (1).
- (5) In this section—
 - (a) a reference to engaging in conduct is a reference to doing or refusing to do any act, including the following:
 - (i) refusing to supply a transportation service or an operational transportation service;
 - (ii) without reasonable grounds, limiting or disrupting a transportation service or an operational transportation service or a transfer of transportation capacity;
 - (iii) making, or giving effect to, a provision of, a contract or arrangement, arriving at, or giving effect to, a provision of, an understanding or requiring the giving of, or giving, a covenant; and
 - (b) a reference to refusing to do an act includes a reference to—
 - (i) refraining (otherwise than inadvertently) from doing that act; or
 - (ii) making it known that that act will not be done.
- (6) Subsection (1) does not apply to conduct engaged in in accordance with an agreement, if the agreement was in force on 3 January 2018.

228K Transportation service provider providing operational transportation services must not price discriminate

- (1) A transportation service provider must not engage in price discrimination when providing operational transportation services.
- (2) Subsection (1) does not apply if the transportation service provider engages in price discrimination that is conducive to efficient service provision.

[23] Section 294G

Insert after section 294F:

294G South Australian Minister to make initial Rules relating to the capacity reforms

- (1) The Minister in right of the Crown of South Australia administering Part 2 of the *National Gas (South Australia) Act 2008* of South Australia (the ***South Australian Minister***)—

- (a) may make Rules for or with respect to any one or more of the following subjects:
 - (i) the capacity auction functions of AEMO, the operation of a capacity auction and the activities of transportation service providers and transportation facility users in connection with a capacity auction;
 - (ii) transaction support arrangements;
 - (iii) access to and the provision of operational transportation services;
 - (iv) the making and administration of an Operational Transportation Service Code;
 - (v) the standard market timetable and the standard gas day;
 - (vi) the collection, use, disclosure, copying, recording, management and publication of information in relation to secondary capacity transactions;
 - (vii) the collection, use, disclosure, copying, recording, management and publication of information in relation to natural gas or natural gas services from a person who determines the allocation of deliveries and receipts of natural gas;
 - (viii) the matters referred to in sections 83B, 83C, 228D and 228H;
 - (ix) the buying and selling of transportation capacity through the gas trading exchange;
 - (x) the subject matter of a new head of power added to Schedule 1 by the Capacity Trading and Auction amendments;
 - (xi) any other subject contemplated by, or consequential on, the Capacity Trading and Auction amendments; and
 - (b) may make Rules that revoke or amend a Rule as a consequence of the enactment of the Capacity Trading and Auction amendments and any of the Rules referred to in subsection (1) (a); and
 - (c) may make an Operational Transportation Service Code.
- (2) Rules or an Operational Transportation Service Code may only be made under subsection (1) on the recommendation of the MCE.
 - (3) Section 74(3) applies to Rules made under subsection (1) in the same way as it applies to Rules made by the AEMC.
 - (4) As soon as practicable after making Rules or an Operational Transportation Service Code under subsection (1), the South Australian Minister must—
 - (a) publish notice of the making of the Rules or Code in the South Australian Government Gazette; and
 - (b) make the Rules or Code publicly available.
 - (5) The notice referred to in subsection (4)(a) must state—
 - (a) the date on which the Rules or Code commence operation; or
 - (b) if different Rules or provisions of the Code will commence operation on different dates, those dates.
 - (6) The South Australian Minister may, by a later notice published in the South Australian Government Gazette, vary a commencement date fixed under subsection (5) of this subsection.
 - (7) Once the first Rules have been made under subsection (1), no further Rules can be made under that subsection.

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- (8) Once the first Operational Transportation Code has been made under subsection (1), no further Operational Transportation Code can be made under that subsection.
- (9) Rules in the nature of a derogation may be made under this section even though no request has been made for the derogation.
- (10) In this section:
Capacity Trading and Auction amendments means the amendments made to this Law by the *National Gas (South Australia) (Capacity Trading and Auctions) Amendment Act 2018* of South Australia

[24] Section 322 Service provider may enter into agreement for access different from applicable access arrangement

Insert “section 83C and” after “Subject to”.

[25] Schedule 1-Subject matter for the National Gas Rules

Insert “and secondary capacity transactions” after “gas market” in item 55B.

[26] Schedule 1, items 55T

Insert after item 55S:

55T The capacity auction functions of AEMO.

[27] Schedule 1, items 68A–68G

Insert after item 68:

Capacity auctions

68A The operation of a capacity auction.

68B The activities of transportation service providers and transportation facility users in connection with a capacity auction.

Transaction support arrangements

68C Transaction support arrangements.

Operational transportation services

68D Making of an Operational Transportation Code.

68E Publication of operational transportation service agreements (standard operational agreements).

68F Requirements relating to operational transportation agreements.

68G Provision for or with respect to access to operational transportation services.

[28] Schedule 1, item 69A

Insert after item 69:

69A Provision for or with respect to a standard market timetable, including requirements concerning implementation of a standard market timetable.

Schedule 2 Amendment of National Gas Regulations

[1] Regulation 5A Definition of compression service facility

Insert after regulation 5:

5A Definition of compression service facility

For the purposes of the definition of *compression service facility* in section 2 of the NGL—

- (a) a gas processing plant listed in the table in Schedule 2 is a prescribed gas processing plant; and
- (b) in relation to a pipeline conveying natural gas from such a processing plant—the flange or point described in that table opposite the reference to the plant is a prescribed exit flange or prescribed as a connection point (as the case requires).

[2] Regulation 10 Maximum civil monetary liabilities

Insert “91FEH,” after “sections 91FED,” in regulation 10 (1).

[3] Regulation 10 (1) (dc) and (dd)

Insert after regulation 10 (1) (db):

- (dc) the maximum amount of each person's civil monetary liability with respect to giving capacity auction information to AEMO in its capacity as the operator of a capacity auction to each person who suffers loss as a result of a relevant event is, in respect of that event, \$400,000;
- (dd) however, if the amount of a person's civil monetary liability with respect to giving capacity auction information to AEMO in respect of that event (as affected, if at all, by paragraph (dc)) exceeds the prescribed amount in respect of the relevant event, the maximum amount of the person's civil monetary liability to a person in respect of that event is the prescribed amount;

[4] Regulation 10 (1) (e)

Omit “(a) to (db)”. Insert instead “(a) to (dd)”.

[5] Regulation 10 (2)

Insert “or capacity auction information” after “Bulletin Board information” where secondly occurring in regulation 10 (2).

[6] Regulation 10 (2) (d) and (e)

Insert “or capacity auction information” after “Bulletin Board information” wherever occurring.

[7] Regulation 10 (3), definition of “prescribed amount”

Insert after paragraph (c) of the definition:

- (d) in relation to a person who gives capacity auction information to AEMO—the amount obtained by deducting from \$20 million the aggregate of the amounts already paid by the person in discharge of the person's civil monetary liabilities to persons suffering losses as a result of relevant events occurring during the same prescribed 12 month period as that in which the relevant event occurred;

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Schedule 2 Amendment of National Gas Regulations

[8] Regulation 10 (3), definition of “relevant event”

Insert after paragraph (a) (iia) of the definition:

(iib) AEMO’s capacity auction functions;

[9] Regulation 10 (3), definition of “relevant event”

Insert after paragraph (ba) of the definition:

(bb) in relation to a person who gives capacity auction information to AEMO—a negligent act or omission, or a series of negligent acts or omissions, in giving capacity auction information to AEMO;

[10] Schedule 2 Exclusions from definition of pipeline

Omit “**definition of pipeline**” from the heading to the Schedule.

Insert instead “definitions of pipeline and compression service facility”.

[11] Schedule 3 Civil penalties

Insert after the heading to the Schedule:

Provisions of the Act

Section 83C
Section 91BRR (5)
Section 91BRS (1)
Section 91FEE
Section 223A
Section 228B
Section 228C
Section 228J
Section 228K

[12] Schedule 4 Conduct provisions

Insert after the heading to the Schedule:

Provisions of the Act

Section 228C
Section 228I
Section 228J
Section 228K

Drafting note 3.1 *It will be necessary to make further amendments to Schedules 3 and 4 to add provisions of the National Gas Rules that are to be prescribed as civil penalty provisions or conduct provisions once the amendments to the Rules that are being drafted separately to this Bill are settled.*



2. Draft National Gas Rules

- 2.1 Part 15A: Registered Participants
- 2.2 Part 18: Natural Gas Services Bulletin Board
- 2.3 Part 22: Gas Trading Exchange
- 2.4 Part 24: Facilitating capacity trades and the capacity auction
- 2.5 Part 25: Capacity Auction
- 2.6 Part 26: Standard market timetable
- 2.7 Schedule 5: Transitional provisions for the introduction of the capacity trading reforms

Part 15A Registered participants

Division 1 Registration

135A Participation in declared wholesale gas market of adoptive jurisdiction

A person participates, in a registrable capacity, in the declared wholesale gas market of an adoptive jurisdiction as follows:

- (a) Registrable capacity: declared transmission system service provider

The service provider for the declared transmission system.

- (b) Registrable capacity: Distributor

The service provider for a declared distribution system.

- (c) Registrable capacity: Producer

A producer that injects natural gas into the declared transmission system.

- (d) Registrable capacity: Market Participant – Producer

A producer that buys or sells natural gas in the declared wholesale gas market.

- (e) Registrable capacity: Storage provider

A storage provider whose storage facility is connected to the declared transmission system.

Note:

Under section 91B of the *NGL*, this will include a declared LNG storage provider.

- (f) Registrable capacity: Market Participant – Storage provider

A storage provider that buys or sells natural gas in the declared wholesale gas market.

- (g) Registrable capacity: interconnected transmission pipeline service provider

A service provider for a transmission pipeline that is connected to the declared transmission system.

- (h) Registrable capacity: Transmission Customer

An end user that withdraws natural gas from the declared transmission system.

- (i) Registrable capacity: Market Participant – Transmission Customer

An end user that:

- (i) buys natural gas in the declared wholesale gas market; and
 - (ii) withdraws natural gas from the declared transmission system.
- (j) Registrable capacity: Market Participant – Distribution Customer

An end user that:

- (i) buys natural gas in the declared wholesale gas market; and
 - (ii) withdraws natural gas from a declared distribution system.
- (k) Registrable capacity: Market Participant – Retailer

A *retailer* that sells natural gas that has been transported through the declared transmission system.

- (l) Registrable capacity: Market Participant - Trader

Any other person that buys or sells natural gas in the declared wholesale gas market.

135AB Retail market participation

- (1) A person participates, in a registrable capacity, in the retail gas market of New South Wales and the Australian Capital Territory as follows:

- (a) Registrable capacity: network operator

A service provider that holds, or is required to hold, a reticulator's authorisation under the *Gas Supply Act 1996* of New South Wales or a corresponding licence, approval or authorisation under the *Utilities Act 2000* of the Australian Capital Territory.

- (b) Registrable capacity: user

A user or non-scheme pipeline user that is a *retailer*.

- (c) Registrable capacity: self contracting user

A user or non-scheme pipeline user that:

- (i) is a party to a contract with a service provider for the provision of haulage services in New South Wales or the Australian Capital Territory (or both); and
- (ii) is an end user; and
- (iii) is not a *retailer*.

- (2) A person participates, in a registrable capacity, in the retail gas market of Queensland as follows:

(a) Registrable capacity: distributor

- (i) A service provider that holds, or is required to hold, an area distribution authority under the *Gas Supply Act 2003* of Queensland; or
- (ii) A service provider that holds, or is required to hold, a reticulator's authorisation under the *Gas Supply Act 1996* of New South Wales for the Tweed local government area.

Note:

The APT Allgas Distribution Network – South Coast Region as described in the Access Arrangement for APT Allgas Energy Pty Ltd (ACN 009 656 446) and approved by the Queensland Competition Authority in July 2006 extends into the Tweed local government area in NSW.

(b) Registrable capacity: retailer

A user or non-scheme pipeline user that is a *retailer*.

(c) Registrable capacity: self contracting user

A user or non-scheme pipeline user that:

- (i) is a party to a contract for the provision of haulage services with a service provider that participates in the retail gas market of Queensland with the registrable capacity of distributor; and
- (ii) is an end user; and
- (iii) is not a *retailer*.

- (3) A person participates, in a registrable capacity, in the retail gas market of South Australia as follows:

(a) Registrable capacity: network operator

A service provider that holds, or is required to hold, a gas distribution licence under the *Gas Act 1997* (SA).

(b) Registrable capacity: network operator (Mildura region)

Envestra Limited (ACN 078 551 685) and any successor to Envestra as service provider for the distribution pipelines that *serve* Mildura and its environs.

(c) Registrable capacity: user

A user or non-scheme pipeline user that is a *retailer*.

(d) Registrable capacity: self contracting user

A user or non-scheme pipeline user that:

- (i) is a party to a contract with a service provider for the provision of haulage services in South Australia; and
- (ii) is an end user; and
- (iii) is not a *retailer*.

(e) Registrable capacity: transmission system operator

A service provider for a transmission pipeline in South Australia.

(f) Registrable capacity: swing service provider

A person that is a swing service provider within the meaning of the Procedures governing the operation of the regulated retail gas market of South Australia.

(g) Registrable capacity: shipper

A person that is a shipper within the meaning of the Procedures governing the operation of the regulated retail gas market of South Australia.

(4) A person participates, in a registrable capacity, in the retail gas market of Victoria as follows:

(a) Registrable capacity: transmission system service provider

- (i) The service provider for the declared transmission system.
- (ii) A service provider for a transmission pipeline in Victoria that does not form part of the declared transmission system.

(b) Registrable capacity: distributor

- (i) A service provider for a declared distribution system.
- (ii) A service provider for a distribution pipeline in Victoria that does not form part of a declared distribution system.
- (iii) The Albury Gas Co Limited (ACN 000 001 249) and any successor to that company as service provider for the distribution pipelines that serve Albury and its environs (the **Albury gas distribution system**).

(c) Registrable capacity: market participant – retailer

- (i) A *retailer* that is a user of a declared distribution system.

- (ii) A *retailer* that is a user or non-scheme pipeline user of a distribution pipeline in Victoria, that does not form part of a declared distribution system.
 - (iii) A *retailer* that is a user of the Albury gas distribution system.
- (d) Registrable capacity: market participant-other
 - (i) A user of the declared transmission system.
 - (ii) A user or non-scheme pipeline user of a transmission pipeline in Victoria that does not form part of the declared transmission system.

135ABA Short term trading market participation

- (1) A person participates, in a registrable capacity, in a short term trading market as follows:
 - (a) Registrable capacity: STTM Shipper

A person that:

 - (i) is a user or non-scheme pipeline user under a contract with a service provider for the transmission of natural gas to or from an STTM hub;
 - (ii) is a party to a contract with a storage provider or a producer for the delivery of natural gas to an STTM hub from a storage or production facility that is directly connected to that STTM hub;
 - (iii) holds rights subcontracted from a person referred to in paragraph (i) or (ii) for the use of services provided under the relevant contract; or
 - (iv) is a producer or storage provider who supplies natural gas on its own behalf to an STTM hub from its production or storage facility that is directly connected to that STTM hub.
 - (b) Registrable capacity: STTM User

A person that:

 - (i) is a user under a contract with the service provider for a distribution pipeline at an STTM hub; or
 - (ii) is a user under a contract with the service provider for a transmission pipeline, under which the person withdraws natural gas from that pipeline at an STTM hub for consumption at a facility that is directly connected to the pipeline.
- (2) A person that participates in a short term trading market in a registrable capacity must apply for registration for each STTM hub in respect of which it participates in that capacity.

135AC General requirements for registration

To be registered as a Registered participant, a person:

- (a) must be resident or permanently established in Australia; and
- (b) must not be an externally-administered body corporate (as defined in the *Corporations Act 2001* of the Commonwealth) or under a similar form of administration under the laws of some other jurisdiction; and
- (c) must not be immune from liabilities incurred as a Registered participant (except to the extent the immunity is conferred under the *NGL* or these rules); and
- (d) must be capable of being sued in its own name in a court of competent jurisdiction; and
- (e) must be participating, or proposing to participate, in a registrable capacity in a regulated gas market; and
- (f) must have adequate financial resources:
 - (i) for participation in the market in the relevant capacity; and
 - (ii) to meet creditworthiness requirements imposed by these rules or the Procedures governing the relevant market; and
- (g) must have the expertise and other resources necessary for compliance with these rules and the Procedures governing the relevant market; and
- (h) must comply with any other requirements imposed by these rules or the Procedures governing the relevant market, or determined by AEMO to be appropriate to a participant in the relevant market in the relevant registrable capacity.

135AD Application for registration

- (1) An application for registration:
 - (a) must be in the form, and contain the information, required by AEMO; and
 - (b) must be accompanied by the fee determined by AEMO.
- (2) AEMO may, within 5 business days of receiving an application, ask the applicant to provide further information or clarification in support of the application if, in AEMO's reasonable opinion, the application:
 - (a) is incomplete; or
 - (b) requires clarification.

- (3) If AEMO asks for further information or clarification under subrule (2), the application is taken to have been made when the further information or clarification is provided to AEMO's satisfaction.
- (4) If the further information or clarification is not provided to AEMO's satisfaction within 15 business days of the request, the application lapses.

135AE Registration

- (1) If AEMO is satisfied that an applicant meets the requirements for registration, AEMO must:
 - (a) register the applicant as a Registered participant in the relevant registrable capacity or capacities; and
 - (b) give the applicant a notice specifying the date on which each registration takes effect.
- (2) If AEMO is not satisfied that an applicant meets the requirements for registration, AEMO must:
 - (a) refuse the application; and
 - (b) give the applicant written reasons for the refusal.
- (3) AEMO must decide an application within 15 business days after the date of the application.

135AF Intending participants

- (1) AEMO may register an applicant as an Intending participant if satisfied that the applicant intends to participate in a registrable capacity but does not require registration immediately.
- (2) A person registered as an Intending participant has the rights and obligations of a Registered participant to the extent determined by AEMO in accordance with relevant guidelines issued by AEMO.

135AG Exemption from registration

- (1) AEMO may:
 - (a) grant an exemption from registration to a person who applies for such an exemption; or
 - (b) grant, by notice published on its website, a general exemption from registration in favour of a class of persons defined in the notice.
- (2) An exemption must be consistent with:

- (a) the national gas objective; and
 - (b) relevant guidelines issued from time to time by AEMO.
- (3) An application for an exemption:
 - (a) must be in the form, and contain the information, required by AEMO; and
 - (b) must be accompanied by the fee determined by AEMO.
- (4) AEMO may, within 5 business days of receiving an application, ask the applicant to provide further information or clarification in support of the application if, in AEMO's reasonable opinion, the application:
 - (a) is incomplete; or
 - (b) requires clarification.
- (5) AEMO may:
 - (a) grant an exemption unconditionally; or
 - (b) grant an exemption on specified conditions; or
 - (c) refuse an application for an exemption.
- (6) AEMO must decide an application for an exemption within 15 business days after the date of the application unless AEMO asks for further information or clarification under subrule (4); in that case:
 - (a) AEMO must decide the application within 15 business days after the further information or clarification is provided to AEMO's satisfaction; and
 - (b) if the further information or clarification is not provided to AEMO's satisfaction within 15 business days of the date of the request, the application lapses.
- (7) If AEMO refuses an application for an exemption, or grants an exemption on conditions, AEMO must give the applicant written reasons for its *decision*.

135AH Revocation of registration or exemption

- (1) AEMO may revoke a registration or exemption if:
 - (a) the Registered participant or the holder of the exemption applies in writing for, or consents in writing to, the revocation; and
 - (b) there is, in AEMO's opinion, no good reason why the registration or exemption should continue in force.
- (2) AEMO may revoke a registration or exemption if:

- (a) the Registered participant or the holder of the exemption:
 - (i) no longer qualifies for the registration or exemption; or
 - (ii) contravenes a condition of the registration or exemption; or
 - (b) the registration or exemption is liable to revocation under some other provision of these rules.
- (3) If AEMO proposes:
- (a) to refuse an application for revocation of a registration or exemption under subrule (1); or
 - (b) to revoke a registration or exemption under subrule (2),
- it must give the holder of the registration or exemption a reasonable opportunity to make representations.
- Exception:
- AEMO may, but is not required to, give a Registered participant an opportunity to make representations if the Registered participant's registration is liable to revocation under rule 260(9) or rule 488(9)
- (4) If, after considering representations (if any) from the holder of the registration or exemption, AEMO decides to refuse an application for revocation of a registration or exemption under subrule (1), or to revoke a registration or exemption under subrule (2), AEMO must give the holder of the registration or exemption written reasons for the *decision*.
- (5) If AEMO revokes a registration or exemption under subrule (2), AEMO must as soon as practicable:
- (a) publish a notice of the revocation on AEMO's website; and
 - (b) comply with any additional notice requirements in these rules or the Procedures governing the relevant regulated gas market.

135AI Liability after revocation

The revocation of a registration or exemption does not affect a liability that had accrued under these rules or the Procedures before the revocation.

Division 2 Register

135B Obligation to keep register

- (1) AEMO must establish and maintain a register of Registered participants and persons exempted from registration.

- (2) The register must include for each Registered participant:
 - (a) the name and *contact details* for the Registered participant; and
 - (b) the registrable capacity or capacities in which the Registered participant is registered; and
 - (c) the gas market for which the Registered participant is registered; and
 - (d) any further information required by these rules or the Procedures; and
 - (e) any further information determined by AEMO.
- (3) The register must include for each Intending participant:
 - (a) the name and *contact details* for the Intending participant; and
 - (b) the registrable capacity or capacities in which the Intending participant is registered; and
 - (c) a statement of the extent to which the Intending participant has the rights and obligations of a Registered participant; and
 - (d) the gas market for which the Intending participant is registered; and
 - (e) any further information required by these rules or the Procedures; and
 - (f) any further information determined by AEMO.
- (4) The register must include for each person exempted from registration:
 - (a) the name and *contact details* of the person; and
 - (b) the registrable capacity or capacities in which the person has been exempted from registration; and
 - (c) if the exemption is related to a particular gas market - the gas market to which the exemption relates; and
 - (d) the conditions (if any) of the exemption; and
 - (e) any further information required by these rules or the Procedures; and
 - (f) any further information determined by AEMO.
- (4A) A Registered participant or a person exempted from registration must notify AEMO as soon as practicable if any information in the register about that Registered participant or person is or becomes incorrect, and must give AEMO the correct information.
- (5) The register must be published on AEMO's website.

Division 3 Participant fees

135C Definitions

In this Division:

capacity trading and auction costs means:

- (a) the costs of establishing, operating and administering the capacity auction under Part 25;
- (b) the costs of establishing, operating and administering the Capacity Transfer and Auction Procedures; and
- (b) the costs to be recouped by AEMO as capacity trading and auction costs in connection with the Operational Transportation Service Code Panel as provided for in Subdivision 2.2 of Division 2 of Part 24.

interested party means a person that:

- (a) has, in AEMO's opinion, an interest in the structure of participant fees; or
- (b) identifies itself to AEMO as having an interest in the structure of participant fees.

participant fees means fees payable by Registered participants under this Division.

135CA Development of participant fee structure

- (1) AEMO must develop, review and publish, in consultation with Registered participants, interested parties and such other persons as AEMO thinks appropriate, the structure (including the introduction and determination) of participant fees for such periods as AEMO considers appropriate.
- (2) The participant fees should be sufficient to cover AEMO's budgeted revenue requirements.
- (3) AEMO must consult on its proposed fee structure in accordance with the *extended consultative procedure*.
- (4) In determining the structure of participant fees, AEMO:
 - (a) must have regard to the national gas objective; and
 - (b) must have regard to the following principles:
 - (i) the fee structure should be simple;
 - (ii) subject to subrule (4A), the components of the fees charged to each Registered participant should be reflective of the extent to which the

budgeted revenue requirements for AEMO involve that Registered participant;

- (iii) the fee structure should not discriminate unreasonably against a category or categories of Registered participants; and
- (c) must have regard to other fee structures that it thinks appropriate for comparison purposes.

(4A) The participant fees charged to a Registered participant may include a component for the recovery of capacity trading and auction costs even if those costs do not involve that Registered participant.

- (5) The following principles are relevant to the recovery of recurrent expenditure:
 - (a) if AEMO recovers an excess of revenue over expenditure from the provision of a particular service in a financial year, it may roll over the excess to a later financial year (or later financial years) so as to reduce revenue requirements in the later financial year (or later financial years);
 - (b) AEMO may recover a shortfall of revenue as against expenditure for the provision of a particular service in a later financial year or later financial years;
 - (c) AEMO may take any other action it considers desirable to smooth the impact of actual or anticipated cost variations on the users of a service provided by AEMO.
- (6) Capital expenditure is to be recovered through the depreciation or amortisation of the assets acquired by the capital expenditure in a manner that is consistent with generally accepted accounting principles.

135CB Major gas project

- (1) AEMO may determine any of the following projects to be a major gas project:
 - (a) a major reform or development (including an anticipated reform or development) of a regulated gas market;
 - (b) a major change (including an anticipated change) to any of AEMO's functions, responsibilities, obligations or powers under these rules or the Procedures;
 - (c) a major change (including an anticipated change) to any of the computer software or systems that AEMO uses in the performance of any of its functions, responsibilities, obligations or powers under these rules or the Procedures.
- (2) AEMO must consult on a determination under this rule in accordance with the *extended consultative procedure*.

- (3) When AEMO determines a project to be a major gas project, it must also determine the start date for recovery and the period or periods for recovery of the costs of the project.
- (4) AEMO must also determine a participant fee to be used for the recovery of the costs of the project until the next general determination of participant fees.

135CC Components of participant fees

- (1) The components of participant fees may include (but are not limited to) the following:
 - (a) registration fees comprising an annual fee for each registrable capacity in which a Registered participant is registered;
 - (b) fees for administration and operation of a declared wholesale gas market;
 - (ba) fees for administration and operation of a short term trading market;
 - (bb) fees to recover the costs of establishing a short term trading market;
 - (bc) fees to recover capacity trading and auction costs;
 - (c) fees for administration and operation of a regulated retail gas market;
 - (d) gas market planning fees including fees to recover the costs of preparing and publishing the gas statement of opportunities;
 - (e) administration fees to recover the remainder of AEMO's budgeted revenue requirements.

Note to draft:

Paragraph (bc) has been added because a new (f) is being added by the Part 18 rule change (already made by the AEMC).

- (2) If the costs of providing services related to administration and operation of a regulated gas market vary materially from location to location, differential fees reflecting the difference in costs should be prepared for each location.

Note:

- 1. AEMO's expenditures for providing services as operator of the Natural Gas Services Bulletin Board are dealt with separately under Part 18. [Note: This note is being deleted in May 2018 by the AEMC BB rule changes.]
- 2. The fees may reflect adjustments under rule 135CA(4).
- (3) AEMO may determine that a contribution to capacity trading and auction costs should be recovered as exchange fees under Part 22 or auction fees under Part 25 and not as participant fees.

135CD Publication of fee structure

At least 3 months before implementation of the participant fee structure, AEMO must publish to Registered participants and such other persons as AEMO thinks appropriate:

- (a) the participant fee structure; and
- (b) the methods used to determine the participant fee structure; and
- (c) an assessment of the extent to which the participant fee structure complies with the principles set out in rule 135CA.

135CE Payment of participant fees

- (1) AEMO may charge participant fees by giving a statement to the Registered participant setting out the relevant components of the participant fees, the amount payable by the Registered participant and the date for payment.
- (2) A Registered participant must pay to AEMO the amount stated to be payable by the specified date for payment (whether or not the Registered participant disputes the amount payable).

Note:

This subrule is classified as a civil penalty provision under the National Gas (South Australian) Regulations. See clause 6 and Schedule 3 of the National Gas (South Australian) Regulations.

135CF Budgeted revenue requirements

- (1) AEMO must prepare and publish before the beginning of each financial year a budget of AEMO's revenue requirements for that financial year.
- (2) The budget must take into account and separately identify projected revenue requirements for:
 - (a) AEMO's expenditures for the administration and operation of a declared wholesale gas market; and
 - (b) AEMO's expenditures for providing services as the operator of the Natural Gas Services Bulletin Board; and
 - (ba) AEMO's expenditures for the administration and operation of a short term trading market; and
 - (bb) AEMO's expenditures for the establishment of a short term trading market;
 - (c) AEMO's expenditures for the administration and operation of a regulated retail gas market; and
 - (ca) AEMO's expenditures for capacity trading and auction costs; and

- (d) AEMO's expenditures for gas market planning including preparing and publishing the gas statement of opportunities; and
 - (e) AEMO's other expenditure requirements, operating costs and margin associated with services provided to the gas industry; and
 - (f) AEMO's consumer advocacy funding obligation under these rules; and
 - (g) any revenue shortfall or excess carried forward from an earlier financial year; and
 - (h) the funding requirements of participant compensation funds; and
 - (i) the proportion of AEMO's residual expenditures allocated to the gas industry under subrule (3).
- (3) AEMO must allocate expenditures that cannot be specifically related to electricity activities or gas activities (**residual expenditures**) between the electricity and gas industries in a manner that:
- (a) ensures that the total amount of the residual expenditures is divided in full between the electricity and gas industries; and
 - (b) ensures that each industry bears an allocation of the residual expenditures at least equal to the amount by which residual expenditures would be reduced if services were no longer provided to that industry; and
 - (c) promotes the efficient use of electricity and gas services.

Division 4 Consumer advocacy funding

135D Consumer advocacy funding obligation

- (1) AEMO must pay to ECA the amount of its consumer advocacy funding obligation for each financial year.
- (2) AEMO may recover the costs of meeting its consumer advocacy funding obligation from participant fees and may allocate the costs to users and non-scheme pipeline users (other than producers).
- (3) The amount to be paid by AEMO to ECA under subrule (1) is to be made available under a scheme agreed between AEMO and ECA or, in default of an agreement, on a quarterly basis.
- (4) In this rule:

consumer advocacy funding obligation means ECA's total projected expenses for a financial year, in so far as those expenses are allocated to natural gas in its final Annual Budget for that financial year, and including but not limited to:

- (a) all operational and administrative costs relating to the performance of ECA's activities relevant to consumers of natural gas; and
- (b) grant funding for any current or proposed grants relevant to consumers of natural gas.

final Annual Budget means ECA's final Annual Budget for a financial year, as issued by ECA in accordance with its constitution to AEMO.

Part 18 Natural Gas Services Bulletin Board

Division 1 Interpretation and application

141 Interpretation

(1) In this Part:

BB allocation agent means a person who determines, in respect of a BB allocation point, the allocation of deliveries and receipts of natural gas among users of the BB allocation point.

BB allocation point means each point through which natural gas is injected into, or withdrawn from, a Part 24 facility.

BB capacity transaction means a secondary capacity transaction that relates to transportation capacity for use of a BB transportation service, whether or not the transaction relates to any other matter, and is not an excluded transaction.

Note to draft:

The transitional rules in Schedule 5 limit the reporting obligation to transactions with a trade date on or after the capacity auction start date and delay the start of reporting for NT related transactions.

BB facility means a BB production facility, a BB pipeline or a BB storage facility.

BB information standard is defined in rule 164.

BB participant means a person that is registered by AEMO under this Part.

BB pipeline means a BB transmission pipeline that meets the applicable reporting threshold.

BB production facility means a production facility that meets the applicable reporting threshold.

BB reporting entity means:

- (a) a facility operator registered under this Part as the BB reporting entity for one or more BB facilities;
- (b) a BB allocation agent registered under this Part as the BB reporting entity for one or more BB allocation points; and
- (c) in relation to a BB capacity transaction, the person required to report capacity transaction information for that BB capacity transaction under Subdivision 5.7 of Division 5.

BB shipper means a person who is, or has a right to be, provided with a service by means of a BB facility including a person who:

- (a) is a party to a contract with a facility operator for a BB facility under which the facility operator provides or intends to provide a service to that person by means of a BB facility;
- (b) has a right under an access determination to be provided with a pipeline service by means of a BB pipeline; or
- (c) a facility operator for a BB facility or any associate of a facility operator for a BB facility who uses or intends to use a service provided by means of the BB facility.

BB storage facility means a gas storage facility that meets the applicable reporting threshold.

BB storage provider means a facility operator for a BB storage facility.

BB terms of use means the terms and conditions on which BB users are granted access to the Bulletin Board and which are set out in the BB Procedures.

BB transmission pipeline means:

- (a) a pipeline that is a transmission pipeline; or
- (b) a pipeline that would be likely to be classified in accordance with the pipeline classification criterion as a transmission pipeline.

Note:

A gathering line is part of a gathering system and as such is excluded from the definition of BB transmission pipeline by reason of paragraph (f) of the definition of “pipeline” in section 2 of the *NGL*. A gathering line that collects coal seam methane will be similarly excluded.

BB transportation facility user means a person registered in that capacity under Subdivision 3.3B of Division 3.

BB transportation service means:

- (a) a pipeline service that is or is in the nature of:
 - (i) a forward haul service or a backhaul service (whether or not described by another name);
 - (ii) a service for the storage of natural gas (sometimes called a park service); or
 - (iii) a service for the borrowing of natural gas (sometimes called a loan service); and

(b) a service provided by means of a compression service facility,
but does not include a pipeline service provided by means of a distribution
pipeline.

BB user means:

- (a) a BB participant; and
- (b) any other person who accesses information on the Bulletin Board.

Bulletin Board means the Natural Gas Services Bulletin Board.

capacity seller means, in relation to a secondary capacity transaction, a person disposing of a right to use transportation capacity under that secondary capacity transaction.

capacity transaction information has the meaning given in rule 141(2A).

capacity transaction reporting agent means a person registered with AEMO in that capacity under Subdivision 3.3B of Division 3.

commissioned means:

- (a) for a BB facility that is not a pipeline, the date when the BB facility is first used on a commercial basis (whether for the benefit of a facility operator of the BB facility or for someone else); and
- (b) for a pipeline, the date the pipeline is commissioned as defined in the *NGL*.

daily capacity means:

- (a) for a production facility, the quantity of natural gas that can be injected into one or more pipelines from the facility on a gas day for the facility;
- (b) for a pipeline, for each direction in which natural gas can be transported on the pipeline, the quantity of natural gas that can be transported through the pipeline on a gas day for the pipeline in that direction;
- (c) for a gas storage facility, each of:
 - (i) the quantity of natural gas that can be withdrawn from the gas storage facility for injection into another facility on a gas day for the gas storage facility;
 - (ii) the quantity of natural gas that the gas storage facility can receive and process into storage on a gas day for the facility; and

- (iii) the quantity of natural gas that the gas storage facility can hold in storage on a gas day for the facility;

(d) [intentionally left blank];

(e) for a receipt point on a pipeline, the quantity of natural gas that can be injected into the pipeline through the receipt point on a gas day for the pipeline; and

(f) for a delivery point on a pipeline, the quantity of natural gas that can be withdrawn from the pipeline through the delivery point on a gas day for the pipeline.

Note to draft:

The provisions "intentionally left blank", such as paragraph (d) above, are placeholders for the provisions that will extend reporting obligations under this Part to, among other things, compression (once the NGL is amended and the AEMC makes the rule amending this Part to include those provisions). As information relating to compression facilities is needed for the day ahead auction, the transitional rules in Schedule 5 require compression facilities subject to the capacity auction to provide that information to AEMO for publication on the Bulletin Board.

daily flow data means, for a BB pipeline:

- (a) the quantity of natural gas that is metered as having been, or estimated in good faith by the pipeline operator to have been, injected at each receipt point on the pipeline on a gas day; and
- (b) the quantity of natural gas that is metered as having been, or estimated in good faith by the pipeline operator to have been, withdrawn at each delivery point on the pipeline on the gas day.

daily production data means:

- (a) for a BB production facility, the quantity of natural gas that is metered as having been, or estimated in good faith by the facility operator to have been, injected into one or more pipelines from the production facility on a gas day;
- (b) for a BB storage facility:
 - (i) the quantity of natural gas that is metered as having been, or estimated in good faith by the BB storage provider to have been, withdrawn from the facility on a gas day; and
 - (ii) the quantity of natural gas that is metered as having been, or estimated in good faith by the BB storage provider to have been, injected into the facility on the gas day.

delivery point means a receipt or delivery point ~~delivery or receipt point~~ when it is used for withdrawal (that is, delivery) of natural gas from a pipeline.

detailed facility information has the meaning in rule 169(4).

distribution system means a system of distribution pipelines and associated equipment that supplies natural gas withdrawn from one or more BB pipelines to multiple end users, but excludes a transmission pipeline.

excluded transaction means:

- (a) the use of transportation capacity to satisfy an obligation to deliver natural gas under an agreement for the supply of natural gas;
- (b) an agreement to swap a quantity of natural gas at a location for a quantity of natural gas at another location; or
- (c) a novation of an agreement with a transportation service provider (by termination and replacement with an agreement with the transportation service provider in the same or similar terms).

facility operator means for:

- (a) a BB production facility: each producer, user or non-scheme pipeline user who owns, operates or controls the BB production facility;
- (b) a BB transmission pipeline: each service provider or gas market operator for the BB transmission pipeline;
- (c) a BB storage facility: each storage provider for the BB storage facility.

facility operator group is defined in rule 152.

gas day means in respect of a BB facility, the 24 hour period for which nominations are provided, commencing at the time advised by the facility operator under rule 170.

gas storage facility means a facility for storing natural gas for injection into a pipeline.

gas trading exchange means the gas trading exchange established under Part 22.

gate station means a delivery point that serves a distribution system.

GJ means gigajoule.

GSH Operator means AEMO or a person appointed under Part 22 from time to time to perform the role of Operator under that Part.

LCA flag for:

- (a) a BB pipeline for a gas day means a green, amber or red flag indicating the actual or expected capability of the BB pipeline to meet the aggregated nominations for withdrawals from the BB pipeline for that gas day based on the pipeline's linepack and capacity
- (b) [intentionally left blank].

Note:

The meaning of a green, amber or red flag is specified in the BB Procedures.

lateral gathering pipeline means a pipeline:

- (a) operated as part of an upstream producing operation; and
- (b) used principally to transport natural gas for injection into a BB facility operated as part of the upstream producing operation where that BB facility is not itself a lateral gathering pipeline.

material change means:

- (a) in respect of nameplate rating information for a BB facility, the information is no longer accurate due to changes in the capacity of the BB facility that are likely to impact the BB facility for more than one year;
- (b) [intentionally left blank];
- (c) in respect of a short term capacity outlook for a BB facility, a change to the short term capacity outlook that exceeds the greater of 10% of the nameplate rating of the BB facility and 30 TJ; and
- (d) in respect of information about nominated or forecast use of a service provided by means of a BB facility, a change to the nomination or forecast that exceeds the greater of 10% of the nameplate rating of the BB facility and 30 TJ.

medium term capacity outlook for a BB facility means information about matters expected to affect the daily capacity of the BB facility, for an outlook period of 12 months beyond the current short term capacity outlook provided by the relevant facility operator including the information required under rule 181.

nameplate rating has the meaning given in rule 141(2).

nomination means the natural gas quantities notified by a BB shipper to the relevant facility operator to specify the BB shipper's intended use of a service provided by means of a BB facility for a period of time.

NT application date means the date falling 90 days after the date on which the first NT interconnector is commissioned.

NT interconnector means a transmission pipeline capable of transporting natural gas between a location in the Northern Territory and a location in Queensland, New South Wales or South Australia and that is not a remote pipeline.

Part 18 replacement date means the date on which the rule by which this definition was inserted in the National Gas Rules came into effect.

Part 24 compression service facility is defined in Part 24.

Part 24 facility is defined in Part 24.

pipeline operator means a facility operator for a BB pipeline.

primary pipeline capacity means firm capacity on a BB pipeline that is sold by a pipeline operator to a BB shipper, giving the buyer the right to transport an agreed quantity of natural gas on that pipeline for an agreed period.

production facility means a facility at which natural gas is produced so that it is in a form suitable for injection into one or more BB pipelines.

production facility operator means a facility operator for a BB production facility.

receipt point means a ~~receipt or delivery point~~ ~~delivery or receipt point~~ when it is used for injection (i.e. receipt) of natural gas into a pipeline.

registered BB shipper means a BB shipper registered with AEMO under Subdivision 3.5 of Division 3.

remote BB facility means a BB facility that is or is connected to a remote pipeline.

remote pipeline means a transmission pipeline that:

- (a) is not an STTM facility or part of a declared transmission system;
- (b) is not a pipeline on which natural gas sold through the gas trading exchange may be physically delivered or received or through which such natural gas may be transported; ~~and~~

(ba) is not a Part 24 facility; and

- (c) is not connected directly or indirectly to a pipeline satisfying paragraph (a), ~~or~~ (b) or (ba) of this definition.

reporting threshold means:

- (a) in relation to a production facility: that the nameplate rating of the production facility is, or (in the case of a proposed production facility) will be, equal to or more than 10 TJ of natural gas per day;
- (b) in relation to a pipeline: that the nameplate rating of the pipeline is, or (in the case of a proposed pipeline) will be, equal to or more than 10 TJ of natural gas per day;
- (c) in relation to a gas storage facility: that the production nameplate rating of the gas storage facility is, (or in the case of a proposed gas storage facility) will be, equal to or more than 10 TJ of natural gas per day.

responsible facility operator is defined in rule 152.

secondary capacity transaction is defined in the *NGL*.

service term means, in relation to a secondary capacity transaction, the period of time for which the capacity seller's right to use transportation capacity is transferred or otherwise made available to the other party to the transaction.

~~**secondary capacity trading platform** means a computer system supported electronic trading platform that assists buyers and sellers to trade secondary pipeline capacity; but does not include a gas trading exchange that is operated by AEMO, or by another person that AEMO has appointed in accordance with rule 535.~~

~~**secondary pipeline capacity** means capacity on a BB pipeline that is available for sale by a person other than a facility operator of the BB pipeline, giving the buyer the right to transport an agreed quantity of natural gas on that pipeline for an agreed period.~~

~~**secondary trade data** for a BB pipeline means information related to the sale of secondary pipeline capacity derived from a secondary capacity trading platform and collated in accordance with any requirements specified in the BB Procedures.~~

Note to draft:

The GMRG proposes that these definitions and the rule in which they are used (rule 174) should be deleted since the information provided under the rule will now be provided by the new arrangements for reporting capacity trades in Subdivision 5.7. This is not intended to affect the continued operation of secondary capacity trading platforms or the creation of new ones.

short term capacity outlook means:

- (a) for a BB facility, on any gas day, the facility operator's good faith estimate of the daily capacity of the BB facility for each of gas days D+1 to D+7;
- (b) [intentionally left blank].

STTM facility is defined in Part 20.

trade date means, for a secondary capacity transaction, the date on which the transaction is entered into.

transfer, in relation to transportation capacity, is defined in the *NGL*.

transportation capacity is defined in the *NGL*.

transportation facility is defined in the *NGL*.

transportation facility user is defined in the *NGL*.

TJ means terajoule.

uncontracted primary pipeline capacity means primary pipeline capacity that a pipeline operator has available for sale or that it will have available for sale.

uncontracted storage capacity- means in respect of a BB storage facility the combination of:

- (a) the capacity in the BB storage facility;
- (b) the capacity for injection of gas into the BB storage facility; and
- (c) the capacity for withdrawal of gas from the BB storage facility

that a BB storage provider has available for sale or that it will have available for sale.

(2) In this Part the term **nameplate rating**:

(a) when used in the context of:

- (i) a production facility; or
- (ii) a transmission pipeline,

means the maximum daily capacity of the facility under normal operating conditions;

(b) when used in the context of a gas storage facility means each of:

- (i) the maximum quantity of natural gas that can be withdrawn from the gas storage facility for injection into another facility on a gas day under normal operating conditions (the **production nameplate rating**);
- (ii) the maximum quantity of natural gas that the gas storage facility can receive and process into storage on a gas day

under normal operating conditions (the **refill nameplate rating**); and

(iii) the maximum quantity of natural gas that the gas storage facility can hold in storage under normal operating conditions (the **storage nameplate rating**);

(c) when used in the context of a gate station means the maximum quantity of natural gas that can be transported through that gate station on a gas day under normal operating conditions; and

(d) when used in the context of a receipt point or delivery point, means the maximum daily capacity of the receipt point or delivery point under normal operating conditions.

(2A) In this Part, the term **capacity transaction information** means the following categories of information in relation to a BB capacity transaction or the transportation service to which the BB capacity transaction relates:

(a) the trade date;

(b) the service term;

(c) the transportation facility by means of which the transportation service is provided;

(d) except where the transaction was concluded through the gas trading exchange, whether the transaction is on the same or substantially the same terms as the standard operational agreement published under Part 24 for the transportation facility by means of which the transportation service is provided;

(e) where the transaction was concluded through the gas trading exchange, whether the transaction was a pre-matched trade (as defined in the Exchange Agreement for the gas trading exchange);

(f) the BB transportation service to which the BB capacity transaction relates;

(g) the priority given to the transportation service to which the BB capacity transaction relates (such as firm, as available or interruptible);

(h) as relevant to the transportation service:

(i) in the case of a forward haul or backhaul service, the direction of service; and

(ii) where required by the BB Procedures, each point at which or between which the service is provided, which may include receipt or delivery points, compression service points or

in-pipe trading points and, where the relevant transportation facility is a Part 24 facility, by reference to the definition of the point under the transportation service point register made under the Capacity Transfer and Auction Procedures;

- (i) the transaction quantity (maximum daily quantity or MDQ) the subject of the transaction (in GJ/day);
 - (j) except where the transaction was concluded through the gas trading exchange, the maximum hourly quantity (or MHQ) for the transportation service (in GJ/hour);
 - (k) the transaction price (in \$/GJ/day) excluding any amount on account of GST, as defined in the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth;
 - (l) the price structure applicable to the transaction (for example whether it is a fixed price or a variable price or a combination of the two); and
 - (m) any price escalation mechanism applicable to the transaction.
- (3) In this Part a reference to a quantity of natural gas is to an energy quantity (expressed in whole TJ unless otherwise specified), rather than a volumetric or other quantity.
- (4) In this Part, in relation to a BB reporting entity, a reference to:
- (a) “its” BB facility is a reference to each BB facility for which it is registered as the BB reporting entity; and
 - (b) “its” BB allocation point is a reference to each BB allocation point for which it is registered as the BB reporting entity.
- (5) In this Part, a reference to:
- (a) gas day D is a reference to whichever gas day is designated by the relevant rule;
 - (b) gas day D-n is a reference to the gas day occurring n gas days before gas day D; and
 - (c) gas day D+n is a reference to the gas day occurring n gas days after gas day D.

142 This Part does not apply in Western Australia

This Part does not apply in Western Australia until the day fixed in an order under section 20A of the National Gas Access (Western Australia) Law within the meaning of the *National Gas Access (WA) Act 2009* of Western Australia.

143 Application to BB facilities located in the Northern Territory

- (1) Until the NT application date, this Part does not apply to:
 - (a) a BB facility in the Northern Territory commissioned on or before the NT application date;
 - (b) [intentionally left blank]
 - (c) [intentionally left blank].
- (2) Until the NT application date, this Part does not apply to:
 - (a) a person in the capacity of facility operator of a BB facility mentioned in subrule (1);
 - (b) [intentionally left blank].
- (3) On and from the NT application date, this Part applies to BB facilities mentioned in subrule (1) and the facility operators mentioned in subrule (2) in the capacity mentioned in that subrule as if each reference in Division 3 to the Part 18 replacement date were a reference to the NT application date.

144 Application to remote BB facilities

- (1) This Part does not apply in respect of:
 - (a) a remote BB facility, for so long as the BB facility is a remote BB facility; or
 - (b) a person in the capacity of facility operator of a remote BB facility, for so long as the BB facility is a remote BB facility.
- (2) This Part applies to a former remote BB facility and a person in the capacity of facility operator of a former remote BB facility as if each reference in Division 3 to the Part 18 replacement date were a reference to the date on which the former remote BB facility ceased to be a remote BB facility.

Division 2 Bulletin Board

145 Purpose of the Bulletin Board

The purpose of the Bulletin Board is to make information available to BB users to facilitate:

- (a) trade in natural gas and natural gas services; and

- (b) informed and efficient decisions in relation to the provision and use of natural gas and natural gas services.

146 Maintaining the Bulletin Board

AEMO must maintain the Bulletin Board in accordance with the *NGL*, the Rules and the BB Procedures.

147 AEMO to maintain BB Register

- (1) AEMO must establish and maintain a register, in the form specified in the BB Procedures, that includes particulars of each:
 - (a) facility operator for each BB facility; ~~and~~
 - (b) BB facility and its BB reporting entity;
 - (c) [intentionally left blank];
 - (d) [intentionally left blank];
 - (e) [intentionally left blank];
 - (f) BB allocation point and its BB reporting entity;
 - (g) BB transportation facility user; and
 - (h) capacity transaction reporting agent.
- (2) AEMO must publish the register on the Bulletin Board.
- (3) AEMO must publish a notice on the Bulletin Board of any of the following changes to the register as soon as practicable after it becomes aware of the change:
 - (a) a facility operator is included in the register or removed from the register;
 - (b) a BB facility is included in the register or removed from the register;
 - (c) a change to the identity of the BB reporting entity for a BB facility;
 - (d) a BB allocation agent is included in the register or removed from the register;
 - (e) a BB allocation point is included in the register or removed from the register; or
 - (f) a change to the identity of the BB reporting entity for a BB allocation point.

- (4) AEMO must publish a notice on the Bulletin Board of the NT application date as soon as practicable after it becomes aware of the date.

148 Information on compliance

AEMO must, in accordance with any memorandum of understanding established between AEMO and the AER, notify the AER of any breaches, or possible breaches, of this Part that AEMO becomes aware of.

149 Biennial reports

- (1) AEMO must, in consultation with BB users, the AER and the AEMC, prepare a report about the Bulletin Board at least every two years containing the information referred to in subrule (2).
- (2) Reports under subrule (1) must include:
 - (a) a summary of AEMO's program of work to maintain the Bulletin Board over the review period and on a forward looking basis;
 - (b) performance and usage statistics;
 - (c) any recommendations for change; and
 - (d) other information that AEMO considers relevant.
- (3) AEMO must publish each report under subrule (1) on its website.

Division 3 Register and registration

Subdivision 3.1 Registration of facility operators and BB facilities

150 Registration obligations of facility operators

- (1) A facility operator who is not already registered under this Part as a facility operator must apply to AEMO to register under this Part in that capacity.
- (2) An application under subrule (1) must be made no later than:
 - (a) in the case of a person who is a facility operator on the Part 18 replacement date: 20 business days after the Part 18 replacement date; and
 - (b) otherwise, 20 business days after the person first becomes a facility operator.

151 Obligation to register BB facilities

- (1) The facility operator for a BB facility must apply to AEMO to:
 - (a) register the BB facility under this Part, if the BB facility is not already registered under this Part; and
 - (b) be registered under this Part as the BB reporting entity for the BB facility, subject to subrule (3).
- (2) An application under subrule (1) must be made no later than:
 - (a) in the case of a BB facility commissioned on or before the Part 18 replacement date: 20 business days after the Part 18 replacement date; and
 - (b) otherwise, 20 business days before the date the BB facility is commissioned.

152 Registration by members of facility operator groups

- (1) If there is more than one facility operator for a BB facility, each facility operator for the BB facility is taken to be a member of a **facility operator group** for that BB facility (the **relevant BB facility**).
- (2) The members of a facility operator group may appoint one of the members in writing to be the **responsible facility operator** for the relevant BB facility for the purposes of this Part.
- (3) A responsible facility operator may apply on behalf of another member of its facility operator group to register that other member under this Part in the capacity of facility operator if the responsible facility operator has the written permission of that member of the facility operator group to do so.

Note:

All members of a facility operator group must apply to register under this Part in the capacity of facility operator. This subrule (3) allows the responsible facility operator to submit an application for a facility operator who is not otherwise registered.

- (4) The responsible facility operator of a facility operator group may apply on behalf of itself and all other members of the facility operator group to:
 - (a) register the relevant BB facility under this Part; and
 - (b) register the responsible facility operator under this Part as the BB reporting entity for the relevant BB facility.
- (5) An application for registration under this Part made by a facility operator in the capacity of responsible facility operator of a facility operator group

must contain the information about the facility operator group specified in the BB Procedures.

- (6) If a responsible facility operator has registered as the BB reporting entity for the relevant BB facility, so long as that registration remains in effect:
- (a) each other member of the facility operator group is exempt from the requirement to register the relevant BB facility and to register as the BB reporting entity for the relevant BB facility;
 - (b) the responsible facility operator is the BB reporting entity for the relevant BB facility;
 - (c) the responsible facility operator must update the information about the facility operator group provided under subrule (5) if there is any change;
 - (d) AEMO may fulfil any of AEMO's obligations under this Part to the members of the facility operator group by performing those obligations in relation to the responsible facility operator; and
 - (e) each member of the facility operator group must procure and where necessary must facilitate, the compliance of the responsible facility operator with its obligations under this Part.

Subdivision 3.2 [Intentionally left blank]

153 [Intentionally left blank.]

154 [Intentionally left blank.]

155 [Intentionally left blank.]

Subdivision 3.3 Change of operator and early registration

156 Change of operator

- (1) If the identity of the facility operator for a BB facility registered under this Part changes:
- (a) the outgoing facility operator must notify AEMO of the change; and
 - (b) the new facility operator must apply to register under this Part as the BB reporting entity for the BB facility.
- (2) [Intentionally left blank.]

- (3) If the identity of the responsible facility operator for a BB facility changes:
 - (a) the outgoing responsible facility operator must notify AEMO of the change; and
 - (b) the new responsible facility operator must apply to register under this Part as the new BB reporting entity for the BB facility.
- (4) A notice under subrule (1) or (3) must be given no later than 5 business days after the change takes effect.
- (5) An application for registration referred to in subrule (1) or (3) must be made no later than 5 business days after the change takes effect.

Note:

The registered BB reporting entity remains responsible for the provision of information under this Part until the new registration takes effect.

- (6) Subrule (1) does not apply to a change in the identity of a facility operator in its capacity as a member of a facility operator group for a BB facility registered under this Part.

157 Change to facility operator group

- (1) If there is a change to the identity of the members of the facility operator group for a BB facility registered under this Part, the responsible facility operator must notify AEMO of the change.
- (2) [Intentionally left blank.]
- (3) A notice under subrule (1) must be given no later than 5 business days after the change takes effect.

158 Early registration application

- (1) An application to register under this Part may be made:
 - (a) by a person who intends to become a facility operator;
 - (b) in respect of a proposed BB facility; or
 - (c) by a person intending to register as the BB reporting entity for a BB facility.
- (2) If an application provided for in subrule (1) is made in accordance with the requirements of this Part, the registration the subject of the application will take effect from the time determined by AEMO in accordance with the BB Procedures.

Subdivision 3.3A Registration of BB allocation agents and points

158A Obligation to register as BB allocation agent

- (1) A BB allocation agent who is not already registered under this Part as a BB allocation agent must apply to AEMO to register under this Part in that capacity.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

- (2) An application under subrule (1) must be made no later than 20 business days after the person becomes a BB allocation agent.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

Note to draft:

Refer to the transitional rules in Schedule 5 for the timing for registration of persons who are BB allocation agents when this rule comes into effect.

158B Obligation to register BB allocation point

- (1) The BB allocation agent for a BB allocation point must apply to AEMO to:

- (a) register the BB allocation point under this Part, if the BB allocation point is not already registered under this Part; and
- (b) be registered under this Part as the BB reporting entity for the BB allocation point.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

- (2) An application under subrule (1) must be made no later than 20 business days after the *receipt or delivery point* becomes a BB allocation point.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

Note to draft:

Refer to the transitional rules in Schedule 5 for the timing for registration of points in place when this rule comes into effect.

(3) If the identity of the BB allocation agent for a BB allocation point changes:

(a) the outgoing BB allocation agent must notify AEMO of the change; and

(b) the new BB allocation agent must apply to register under this Part as the BB reporting entity for the BB allocation point.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

(4) A notice under subrule (3) must be given no later than 5 business days after the change takes effect.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

(5) An application for registration referred to in subrule (3) must be made no later than 5 business days after the change takes effect.

Note:

The registered BB reporting entity remains responsible for the provision of information under this Part until the new registration takes effect.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

Subdivision 3.3B Capacity trade registrations and appointments

158C Registrations for capacity transaction reporting

(1) A person may apply to AEMO to register as a BB transportation facility user under this Part.

(2) A person may apply to AEMO to register as a capacity transaction reporting agent under this Part.

(3) AEMO must register the GSH Operator in that capacity under this Part.

158D Appointment of capacity transaction reporting agent

(1) A transportation facility user may appoint a capacity transaction reporting agent to report capacity transaction information on that transportation facility user's behalf for the purposes of this Part.

- (2) A transportation facility user who appoints a person to act as the transportation facility user's capacity transaction reporting agent for the purpose of this Part must ensure that the capacity transaction reporting agent complies with the transportation facility user's obligations under this Part in that capacity for the term of that appointment.

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

Subdivision 3.4 Application process

159 Applications for registration

- (1) An application for registration under this Part must:
 - (a) be in the form specified by AEMO on the Bulletin Board; and
 - (b) contain the information specified by AEMO on the Bulletin Board.
- (2) AEMO may notify an applicant for registration within 5 business days if AEMO considers the application is incomplete or requires clarification.
- (3) If a notice is given under subrule (2) the applicant must, within 5 business days of the notice, provide to AEMO the information required to complete or clarify the application.

160 AEMO to register ~~applicants and their facilities~~

- (1) AEMO must register an applicant under this Part as facility operator if the applicant has applied for registration in that capacity in accordance with rule 159.
- (2) AEMO must register a BB facility the subject of an application under this Part if an application for registration of the BB facility has been made in accordance with rule 159.
- (3) AEMO must register an applicant under this Part as the BB reporting entity for a BB facility if the applicant has applied for registration in that capacity in accordance with rule 159.
- (4) Where an application for registration is made by an intending operator or intending BB reporting entity or in respect of a proposed BB facility pursuant to rule 158, AEMO may defer the time at which registration takes effect to the time determined by AEMO in accordance with the BB Procedures.

- (5) AEMO must register a person as a BB allocation agent, BB transportation facility user or capacity transaction reporting agent under this Part if the person has applied for registration in that capacity in accordance with rule 159.
- (6) AEMO must register a BB allocation point the subject of an application under this Part if an application for registration of the BB allocation point has been made in accordance with rule 159.

161 Revocation of registration

- (1) A BB participant must apply to AEMO to revoke its registration under this Part if the BB participant is no longer required by Subdivision 3.1 or Subdivision 3.3A~~this Part~~ to be registered.
- (2) A BB participant must apply to AEMO to revoke the registration under this Part of its BB facility or its BB allocation point if the BB facility or BB allocation point is no longer required by this Part to be registered.
- (3) An application under subrule (1) or (2) must:
 - (a) be in the form specified by AEMO on the Bulletin Board; and
 - (b) contain the information specified by AEMO on the Bulletin Board.
- (4) AEMO must revoke the registration the subject of an application under subrule (1) or (2) if AEMO is satisfied based on the information in the application that the ~~operator or facility~~relevant registration is no longer required by this Part ~~to be registered~~.
- (5) AEMO must revoke the registration of a facility operator as the BB reporting entity for a BB facility when:
 - (a) AEMO has been given a notice under rule 156; and
 - (b) an application has been made to register a new BB reporting entity for the BB facility and the registration has taken effect.
- (6) AEMO must revoke the registration of a BB allocation agent as the BB allocation agent for a BB allocation point when:
 - (a) AEMO has been given a notice under subrule 158B(3); and
 - (b) an application has been made to register a new BB allocation agent reporting entity for the BB allocation point and the registration has taken effect.
- (7) AEMO may revoke the registration of any other person under this Part on application by that person in the form and containing the information specified by AEMO on the Bulletin Board.

Subdivision 3.5 BB shipper registration and contact details

162 BB shipper registration

- (1) A BB shipper may apply to AEMO to register in that capacity under this Part.
- (2) A registered BB shipper may apply to AEMO to have its registration under this Part revoked.
- (3) An application under subrule (1) or subrule (2) must be in the form and contain the information specified by AEMO on the Bulletin Board.
- (4) AEMO must register a BB shipper or revoke the registration of a registered BB shipper under this Subdivision if the applicant has applied for that registration or revocation in accordance with subrule (3).

163 Provision of contact details

- (1) Each BB participant and each user and non-scheme pipeline user that is a BB shipper must provide AEMO with *contact details* for posting on the Bulletin Board.
- (2) Any other person may provide AEMO with *contact details* for posting on the Bulletin Board.
- (3) *Contact details* provided pursuant to subrule (1) must be provided to AEMO on registration (in the case of a BB participant) and within 20 business days of becoming a BB shipper (in the case of a user or non-scheme pipeline user).
- (4) A person who has provided *contact details* pursuant to subrule (1) or (2) must tell AEMO as soon as reasonably practicable of any changes to those details.
- (5) The BB Procedures may specify the form and content of the *contact details* required or provided pursuant to this rule.

Subdivision 3.6 Exemptions from Division 5

164 Availability and effect of exemptions

- (1) AEMO may grant an exemption from the obligation to provide information under Division 5 in relation to a BB facility where the BB facility is a lateral gathering pipeline and where AEMO is satisfied in its discretion that the information relating to that BB facility is not material having regard to the purpose of the Bulletin Board in rule 145.

- (2) AEMO may grant an exemption from the obligation to provide information under one or more provisions in Division 5 in relation to a BB facility where AEMO is satisfied in its discretion that the information relating to that BB facility will be provided to AEMO by another person under this Part.
- (3) The BB reporting entity for a BB facility the subject of an exemption under subrule (1) is not required to report under Division 5 in relation to the BB facility for so long as the exemption continues.
- (4) The BB reporting entity for a BB facility the subject of an exemption under subrule (2) is not required to report in relation to the BB facility under the provisions in Division 5 to which the exemption applies for so long as the exemption continues.
- (5) The BB reporting entity for a BB facility may apply to AEMO for an exemption under subrule (1) or (2) for the BB facility. The application must be in the form and contain the information specified in the BB Procedures and the applicant must provide to AEMO any further information reasonably requested by AEMO to determine the application.
- (6) AEMO must use reasonable endeavours to determine an application under subrule (5) within 20 business days of all the information requested by AEMO being provided to it.
- (7) An exemption under subrule (1) or (2) must be in writing.
- (8) AEMO may revoke an exemption under subrule (1) or (2) at any time by giving not less than 20 days' notice to the BB reporting entity for the BB facility if AEMO is satisfied in all the circumstances that the exemption should be revoked.

Division 4 Information standard and related obligations

165 Standard for information or data given under this Part or the BB Procedures

- (1) A BB reporting entity required by a provision of this Part or the BB Procedures to give information or data to AEMO must:
 - (a) prepare and submit that information or data; and
 - (b) if applicable, maintain any equipment from which that information or data is derived,

in accordance with the BB information standard.

Note:

Section 223 of the *NGL* requires a person of the kind mentioned in the section who has possession or control of information in relation to natural gas services to give AEMO the information if the person is required to do so under the Rules. Section 223 is classified as a civil penalty provision.

- (2) The **BB information standard** for information or data relating to a:
- (a) BB facility means the practices, methods and acts that would reasonably be expected from an experienced and competent person engaged in the ownership, operation or control of a BB facility in Australia of that type;
 - (b) [intentionally left blank]; and
 - (c) BB allocation point means the practices, methods and acts that would reasonably be expected from an experienced and competent person engaged in the determination of allocations of deliveries and receipts of natural gas in Australia,
- in each case, acting with all due skill, diligence, prudence and foresight and in compliance with all applicable legislation (including these rules), authorisations and industry codes of practice.
- (3) Where this Part or the BB Procedures requires a BB reporting entity to update information or data provided to AEMO, the BB reporting entity must:
- (a) do so each time facts or circumstances arise that require the information or data to be updated; and
 - (b) notify the updated information or data to AEMO as soon as practicable after the person becomes aware of the facts or circumstances that require the information or data to be updated and within any applicable timeframe specified in the BB Procedures.
- (4) A BB reporting entity required by a provision of this Part or the BB Procedures to update information or data provided to AEMO must:
- (a) prepare and submit that updated information or data; and
 - (b) if applicable, maintain any equipment from which the updated information or data is derived,
- in accordance with the BB information standard.
- (5) AEMO is not required to verify the accuracy of information or data provided to AEMO under this Part.

166 Information to be provided in accordance with the BB Procedures

- (1) Where this Part requires a BB reporting entity to provide information to AEMO, the information must be provided by the BB reporting entity by the time specified in the BB Procedures.

Note:

Section 223 of the *NGL* requires the information referred to in the section to be given to AEMO in accordance with the Rules. Section 223 is classified as a civil penalty provision.

- (2) Where this Part requires a BB reporting entity to provide information to AEMO, the information must be provided by the BB reporting entity in the manner and form specified in, and otherwise in accordance with, the BB Procedures.

Note:

Section 223 of the *NGL* requires the information referred to in the section to be given to AEMO in accordance with the Rules. Section 223 is classified as a civil penalty provision.

- (3) The BB Procedures may require information about a gas day referred to in Subdivision 5.4 or Subdivision 5.5 of Division 5 to be provided in advance of that gas day.
- (4) A BB participant that provides comments in the free text facility on the Bulletin Board must comply with any restrictions specified in the BB Procedures relating to the use of the free text facility.

167 Use of default values

- (1) Where provided for in this Part, the BB Procedures may provide for:
 - (a) a BB reporting entity to be exempt from the obligation to provide an item of information under this Part in respect of a BB facility in specified circumstances; and
 - (b) the default value that will be used in place of the relevant item of information.
- (2) The obligations under this Part to update information apply to default values determined under the BB Procedures as if the BB reporting entity had provided the information to AEMO.

Division 5 Information to be provided by BB reporting entities

Subdivision 5.1 Nameplate ratings and detailed facility information

168 Nameplate rating information

- (1) A BB reporting entity must provide to AEMO:
 - (a) the nameplate rating of each of its BB facilities; and
 - (b) information about any planned permanent capacity reduction or expansion due to modification of the BB facility, the nameplate rating that is expected to result and the time the modification is expected to take effect.
- (2) In addition to the information under subrule (1), a BB reporting entity for a BB pipeline must provide to AEMO:
 - (a) the nameplate rating for each gate station owned, controlled or operated by the BB reporting entity and connected to the BB pipeline;
 - (b) for each gate station connected to the BB pipeline which is not owned, controlled or operated by the BB reporting entity:
 - (i) the name of the person who owns, controls or operates the gate station; and
 - (ii) the nameplate rating of the gate station if that nameplate rating has been provided to a facility operator for the BB pipeline by the person who owns, controls or operates the gate station; and
 - (c) information about any planned permanent capacity reduction or expansion due to modification of each such gate station, the nameplate rating that is expected to result and the time the modification is expected to take effect.

(2A) In addition to the information under subrules (1) and (2), a BB reporting entity for a BB transmission pipeline must provide to AEMO the nameplate rating for each receipt point and delivery point on the BB transmission pipeline.

- (3) The BB reporting entity must provide the information specified in subrule (1) and (where applicable) subrule (2) to AEMO:
 - (a) on registration of the BB facility; and
 - (b) annually, by the date specified in the BB Procedures.

- (4) A BB reporting entity must update the information provided under subrule (1) for its BB facility if there is a material change.
- (5) A BB reporting entity for a BB pipeline must update the information provided under subrule (2)(a) or (2)(b) for the BB pipeline if that information is no longer accurate.

169 Detailed facility information for all BB facilities

- (1) A BB reporting entity must provide to AEMO the detailed facility information for each of its BB facilities.
- (2) The BB reporting entity must provide the detailed facility information specified in subrule (1) to AEMO on registration.
- (3) A BB reporting entity must update the detailed facility information provided under subrule (1) for its BB facility if the information is no longer accurate.
- (4) In this rule the term **detailed facility information**:
 - (a) when used in the context of a BB transmission pipeline, means:
 - (i) all *receipt or delivery points* on that pipeline and any production facilities, gas storage facilities or transmission pipelines to which those *receipt or delivery points* connect; and
 - (ii) all gate stations on that pipeline;
 - (b) when used in the context of:
 - (i) a production facility; or
 - (ii) a gas storage facility,means each pipeline to which the BB facility is connected and the *receipt or delivery points* at which the BB facility is connected.

170 Gas day start times for all BB facilities

- (1) A BB reporting entity must provide to AEMO the time at which the gas day starts for each of its BB facilities (e.g. 6am EST).
- (2) If the start time for the gas day for a BB facility provided to AEMO under subrule (1) changes, the BB reporting entity must notify AEMO of the updated information as soon as practicable.

170A Allocation methodology and agreement

- (1) A BB reporting entity must provide to AEMO the following information for each of its BB allocation points:
 - (a) a description of the allocation methodology used at the BB allocation point, to a level of detail that includes the information about the allocation methodology required by the BB Procedures;
 - (b) a description of any charge to become a party to the agreement for the determination of allocations at the BB allocation point;
 - (c) a description of the process for joining and leaving the agreement referred to in paragraph (b); and
 - (d) the *contact details* for the person to whom an application to join the agreement referred to in paragraph (b) must be given.
- (2) If the information for a BB allocation point provided to AEMO under subrule (1) changes, the BB reporting entity for the BB allocation point must notify AEMO of the updated information as soon as practicable.

Subdivision 5.2 [Intentionally left blank]

171 [Intentionally left blank.]

Subdivision 5.3 Pipeline and storage capacity bookings

172 Information about BB shippers with primary pipeline capacity

- (1) A BB reporting entity must, for each of its BB pipelines, provide to AEMO a list of BB shippers who have contracted primary pipeline capacity on the BB pipeline.
- (2) A BB reporting entity must update the information provided under subrule (1) for its BB pipeline if the information is no longer accurate.
- (3) Subrule (1) does not apply to a BB reporting entity in its capacity as the BB reporting entity for a declared transmission system.

173 [Intentionally left blank.]

174 ~~[Not used.]Secondary trade data for BB pipelines~~

- ~~(1) A BB reporting entity must provide to AEMO the secondary trade data for each of its BB pipelines that is:~~

- ~~(a) listed on a secondary capacity trading platform that the BB reporting entity or a member of the facility operator group for the relevant BB facility owns, operates or controls; or~~
- ~~(b) listed on a secondary capacity trading platform and the BB reporting entity or a member of a facility operator group for the relevant BB facility is provided with the secondary trade data by the person who owns, operates or controls the secondary capacity trading platform.~~

Note:

~~Under rule 152(6)(e), each member of a facility operator group must procure and where necessary must facilitate, the compliance of the responsible facility operator with its obligations under this Part.~~

- ~~(2) The BB reporting entity must provide the information specified in subrule (1) to AEMO each week for the immediately preceding week.~~

175 12 month outlook of uncontracted primary pipeline capacity

- (1) A BB reporting entity must provide to AEMO, for each of its BB pipelines, an outlook of uncontracted primary pipeline capacity on the BB pipeline for each of the next 12 months.
- (2) The BB reporting entity must provide the information specified in subrule (1) to AEMO each month, by the date determined under the BB Procedures.
- (3) Subrule (1) does not apply to a BB reporting entity in its capacity as the BB reporting entity for a declared transmission system.

176 [Intentionally left blank.]

177 12 month outlook of uncontracted storage capacity

- (1) A BB reporting entity must provide to AEMO, for each of its BB storage facilities, an outlook of uncontracted storage capacity in the BB storage facility for each of the next 12 months.
- (2) The BB reporting entity must provide the information referred to in subrule (1) to AEMO each month, by the date determined under the BB Procedures.

Subdivision 5.4 Short term and medium term capacity outlooks

178 Short term capacity outlooks for BB facilities

- (1) A BB reporting entity must provide to AEMO a short term capacity outlook for each of its BB facilities.
- (2) The BB reporting entity must provide the information specified in subrule (1) to AEMO each gas day, except in circumstances where, in accordance with rule 167, the BB Procedures permit the BB reporting entity to rely on an exemption and the use of default values for a gas day.
- (3) A BB reporting entity must update the information it has provided under subrule (1) for a gas day if there is a material change and must do so as soon as practicable in accordance with rule 165(3).

179 Linepack/capacity adequacy indicator for all BB pipelines

- (1) A BB reporting entity must provide to AEMO the LCA flag for each of its BB pipelines.
- (2) The BB reporting entity must provide the LCA flag in respect of each gas day D for gas days D to D+2, except in circumstances where, in accordance with rule 167, the BB Procedures permit the BB reporting entity to rely on an exemption and the use of default values for a gas day.
- (3) A BB reporting entity must update the current LCA flag for a BB pipeline for a gas day if at any time the LCA flag for the gas day no longer reflects the actual or expected capability of the BB pipeline to meet the aggregated nominations for withdrawals from the BB pipeline on that gas day.

180 [Intentionally left blank.]

181 Medium term capacity outlooks for BB facilities

- (1) A BB reporting entity must provide to AEMO a medium term capacity outlook for each of its BB facilities.
- (2) The BB reporting entity must provide the information referred to in subrule (1) to AEMO on each day that the information is provided to BB shippers by a facility operator for the BB facility, except in circumstances where, in accordance with rule 167, the BB Procedures permit the BB reporting entity to rely on an exemption and the use of default values for a gas day.
- (3) A medium term capacity outlook provided to AEMO in accordance with this rule must identify the BB facility to which the outlook relates and must contain the following information:

- (a) the expected start and end dates of the matters expected to affect the daily capacity of the BB facility;
- (b) a description of the matters expected to affect the daily capacity of the BB facility; and
- (c) the expected daily capacity of the BB facility during the period it is affected by the matters referred to in paragraphs (a) and (b).

Subdivision 5.5 Nominated and forecast use of storage and pipelines

182 Nominated and forecast use of BB storage facilities

- (1) Subject to subrule (2), a BB reporting entity must, in respect of each of its BB storage facilities, provide to AEMO in respect of each gas day D:
 - (a) the aggregate quantity of natural gas nominated by BB shippers to be injected into the BB storage facility for the gas day;
 - (b) the aggregate quantity of natural gas nominated by BB shippers to be withdrawn from the BB storage facility for the gas day;
 - (c) the aggregate quantity of natural gas forecast by BB shippers to be injected into the BB storage facility for gas day D+1 to gas day D+6 if BB shippers using the BB storage facility have provided forecast quantities under contract or applicable market rules; and
 - (d) the aggregate quantity of natural gas forecast by BB shippers to be withdrawn from the BB storage facility for gas day D+1 to gas day D+6 if BB shippers using the BB storage facility have provided forecast quantities under contract or applicable market rules.
- (2) Subrule (1) does not apply to a BB storage facility which is used solely as part of a production facility.
- (3) A BB reporting entity must update the information it has provided to AEMO under subrule (1) if there is a material change and must do so as soon as practicable in accordance with rule 165(3).

183 Nominated and forecast delivery information for BB pipelines

- (1) A BB reporting entity must, in respect of each of its BB pipelines (other than a BB pipeline forming part of a declared transmission system), provide to AEMO in respect of each gas day D:
 - (a) the nominations for injections into the BB pipeline for the gas day aggregated at each receipt point;

- (b) the nominations for withdrawals from the BB pipeline for the gas day aggregated at each delivery point;
 - (c) the forecast injections into the BB pipeline for gas day D+1 to gas day D+6 aggregated at each receipt point if BB shippers on the BB pipeline have provided forecast receipt point nominations under contract or applicable market rules; and
 - (d) the forecast withdrawals from the BB pipeline for gas day D+1 to gas day D+6 aggregated at each delivery point if BB shippers on the BB pipeline have provided forecast delivery point nominations under contract or applicable market rules.
- (2) A BB reporting entity for a BB pipeline forming part of a declared transmission system must provide to AEMO in respect of each gas day D, for each controllable system point on, and connected to, the declared transmission system:
 - (a) the aggregated scheduled injections for the gas day;
 - (b) the aggregated scheduled withdrawals for the gas day;
 - (c) the forecast aggregated scheduled injections for gas days D+1 and D+2; and
 - (d) the forecast aggregated scheduled withdrawals for gas days D+1 and D+2.
- (3) In subrule (2) and this subrule (3), a **controllable system point** is a system point at which injections or withdrawals (or both) of controllable quantities may be made and the following terms have the meaning given in Part 19: controllable quantity, scheduled injection, scheduled withdrawal, system point.
- (4) For the avoidance of doubt the information provided under subrule (1) is to be based only on information provided by BB shippers and does not represent the BB reporting entity's forecast.
- (5) For the purposes of this rule, the BB Procedures may specify the default directions which are to be assigned to natural gas flows for each BB pipeline and the manner in which reverse flows of natural gas are to be treated.
- (6) The obligation of a BB reporting entity under subrule (1) or (2) to provide information is taken to be satisfied for a gas day in circumstances where, in accordance with rule 167, the BB Procedures permit the BB reporting entity to rely on an exemption and the use of default values for that gas day.

- (7) A BB reporting entity must update the information it has provided to AEMO under subrule (1) or (2) if there is a material change and must do so as soon as practicable in accordance with rule 165(3).

184 [Intentionally left blank.]

185 Nominated and forecast use of production facilities

- (1) A BB reporting entity must, in respect of each of its BB production facilities, provide to AEMO in respect of each gas day D:
- (a) the aggregate nominations for injections into one or more BB pipelines from the production facility for the gas day; and
 - (b) the aggregate forecasts for nominations for injections into one or more BB pipelines from the production facility for gas day D+1 to gas day D+6, if BB shippers have provided forecast nominations under contract or applicable market rules.
- (2) For the avoidance of doubt the information provided under subrule (1) is only based on information provided by BB shippers and does not represent the BB reporting entity's forecast.
- (3) The obligation of a BB reporting entity under subrule (1) to provide information is taken to be satisfied for a gas day in circumstances where, in accordance with rule 167, the BB Procedures permit the BB reporting entity to rely on an exemption and the use of default values for that gas day.
- (4) A BB reporting entity must update the information it has provided to AEMO under subrule (1) if there is a material change and must do so as soon as practicable in accordance with rule 165(3).

Subdivision 5.6 Actual production and flow data

186 Basis of calculation

The information to be provided to AEMO under this subdivision is to be determined by the BB reporting entity on the basis of operational metering data or as specified in the rule under which the information is required to be provided.

Note:

The information provided to AEMO under this Subdivision is not intended to be of settlements quality.

187 Daily flow data for BB pipelines

- (1) Each gas day D a BB reporting entity must provide to AEMO the daily flow data for each of its BB pipelines (other than BB pipelines forming part of a declared transmission system) for gas day D-1.
- (2) Each gas day a BB reporting entity for a BB pipeline forming part of a declared transmission system must provide to AEMO the actual injections and withdrawals of natural gas at each receipt point, delivery point and transfer point on the declared transmission system on the basis of operational metering and as metered at any relevant connection point to the declared transmission system for gas day D-1.
- (3) In subrule (2), the following terms have the meaning given in Part 19: connection point, actual injection, delivery point, receipt point, system point and transfer point.
- (4) A BB reporting entity must update the information provided under subrule (1) or (2) for its BB pipeline if the information is no longer accurate.

188 Daily production and storage data

- (1) Each gas day D, a BB reporting entity must provide to AEMO:
 - (a) the daily production data for each of its BB production facilities for gas day D-1;
 - (b) the daily production data for each of its BB storage facilities for gas day D-1; and
 - (c) the actual quantity of natural gas held in each of its BB storage facilities at the end of gas day D-1.
- (2) A BB reporting entity must update the information provided under subrule (1) for its BB facility if the information is no longer accurate.

189 [Intentionally left blank.]

190 [Intentionally left blank.]

Subdivision 5.7 Capacity transaction reporting

190A Obligation to report

- (1) The parties to a BB capacity transaction (excluding a BB capacity transaction concluded through the gas trading exchange) may, by agreement, designate one of the parties to provide to AEMO the capacity

transaction information for that BB capacity transaction for the purposes of subrule (2)(a).

(2) A person who is a party to a BB capacity transaction (excluding a BB capacity transaction concluded through the gas trading exchange) must provide to AEMO the capacity transaction information for that BB capacity transaction if the person is:

(a) designated to provide that information to AEMO as provided for in subrule (1); or

(b) where paragraph (a) does not apply, a capacity seller for that transaction.

Note to draft:

The person required to report under subrule (2) is a BB reporting entity. Rules 165 and 166 apply to all BB reporting entities. The GMRG understands that rules 165 and 166 are to be classified as civil penalty provisions.

(3) A person required to report under subrule (2) must do so by the earlier of:

(a) 1 business day after the trade date for the BB capacity transaction; and

(b) the day prior to the date on which the service term for the BB capacity transaction starts.

(4) A person required to report under subrule (2) may appoint a capacity transaction reporting agent to report to AEMO on its behalf.

190B Reporting by the GSH Operator

(1) The GSH Operator must provide to AEMO the capacity transaction information for each BB capacity transaction concluded through the gas trading exchange.

(2) The GSH Operator must provide the information in subrule (1) by the end of the gas day on which the BB capacity transaction is concluded through the gas trading exchange.

Division 6 Other information

191 BB Participants may indicate spare capacity available for purchase or capacity requirements

(1) At any time, a BB participant may notify other BB users that it has spare capacity in a BB facility for purchase by providing details of the spare capacity to AEMO in the form required by the BB Procedures.

- (2) At any time, a BB participant may notify other BB users that it wishes to purchase spare capacity in a BB facility by providing details of the capacity it wishes to purchase to AEMO in the form required by the BB Procedures.
- (3) For the avoidance of doubt, a notice given under subrule (1) or (2) and posted on the Bulletin Board by AEMO is an invitation to treat and not an offer capable of acceptance by another person.

192 BB participants may indicate gas available for purchase or gas requirements

- (1) At any time, a BB participant may notify other BB users that it has natural gas available for purchase by providing details of the natural gas available for purchase to AEMO in the form required by the BB Procedures.
- (2) At any time, a BB participant may notify other BB users that it wishes to purchase natural gas by providing details of the natural gas it wishes to purchase to AEMO in the form required by the BB Procedures.
- (3) For the avoidance of doubt, a notice given under subrule (1) or (2) and posted on the Bulletin Board by AEMO is an invitation to treat and not an offer capable of acceptance by another person.

Division 7 Publication of information by AEMO

193 Publication of information by AEMO

Except where provided to the contrary in the Rules, information that AEMO is required to publish on the Bulletin Board under this Division 7, must be published by AEMO on the Bulletin Board in the time and manner specified in the BB Procedures.

194 Publication of information provided to AEMO under Division 5

- (1) Subject to subrule (2), AEMO must publish on the Bulletin Board the information provided to AEMO by BB reporting entities in accordance with the obligations of BB reporting entities under Division 5.
- (2) AEMO must not:
 - (a) publish on the Bulletin Board information about nominations and forecasts provided to AEMO under rule 183, unless the information is published in aggregated form in accordance with this rule; or
 - (b) publish information about actual flows for gas day D provided to AEMO under Subdivision 5.6 of Division 5 before gas day D+1.

- (3) AEMO must publish on the Bulletin Board in respect of each gas day D based on the information about nominations and forecasts provided to AEMO under rule 183:
 - (a) for BB pipelines, nominated injections and withdrawals of natural gas for the gas day aggregated in accordance with the aggregation method referred to in subrule (4); and
 - (b) for BB pipelines, forecast injections and withdrawals of natural gas for gas day D+1 to gas day D+6 aggregated in accordance with the aggregation method referred to in subrule (4).
- (4) AEMO must determine and may amend from time to time an aggregation method to be used by AEMO for subrule (3) which so far as practicable:
 - (a) makes the data provided to AEMO available to BB users only as a representation of the direction and quantity of gas flows in BB pipelines; and
 - (b) does not directly or indirectly disclose a nomination made by a market generating unit as defined in the National Electricity Rules.
- (5) AEMO must publish on the Bulletin Board an overview of the aggregation method used by AEMO for subrule (3).

195 Publication of representation of actual flows

- (1) In addition to AEMO's obligation under rule 194(1), AEMO must also publish on the Bulletin Board in respect of each gas day D, based on the data provided to AEMO under Subdivision 5.6 of Division 5:
 - (a) the daily flow data for each BB pipeline aggregated to provide a representation of the direction and quantity of gas flows in BB pipelines on the gas day; and
 - (b) data about demand for natural gas aggregated to provide a representation of demand in different locations within demand categories determined by AEMO.
- (2) AEMO must determine and may amend from time to time the aggregation methods used by AEMO for subrule (1) and must publish on the Bulletin Board an overview of the aggregation methods.

195A Publication of capacity transaction information

- (1) Subject to subrules (2) and (3), AEMO must publish capacity transaction information provided to AEMO under Subdivision 5.7 on the Bulletin Board.

Note to draft:

Refer to the transitional rules in Schedule 5 for the date on which this obligation commences.

- (2) The information published under subrule (1) must not include the names of the parties to the BB capacity transaction.
- (3) For forward haul, backhaul and compression services in relation to a Part 24 facility, AEMO must publish the information provided to AEMO about the points between which the BB transportation service was provided using the zone to which the point belongs, as defined in the transportation service point register made under the Capacity Transfer and Auction Procedures.
- (4) AEMO may also publish on the Bulletin Board, based on the information referred to in subrule (1), data about BB capacity transactions in the form and containing the information determined by AEMO.

195B Publication of capacity auction information

AEMO must publish on the Bulletin Board information in relation to the capacity auction specified in the Capacity Transfer and Auction Procedures for the purposes of this rule.

Division 8 Access to the Bulletin Board

196 BB users bound by terms of use

Each and every time a person accesses the Bulletin Board, that person is deemed to agree to the BB terms of use.

197 BB user requests access to archive information (Section 222 of the NGL)

- (1) A BB user may request AEMO to provide it with any information that was previously but is not, at the time of the request, published on the Bulletin Board.
- (2) If practicable, AEMO must provide the service requested under subrule (1) and, unless it determines otherwise, charge the BB user an information retrieval fee for providing the service.
- (3) For the purposes of subrule (2), AEMO must publish on the Bulletin Board a schedule of information retrieval fees which must be calculated on the basis of recovering only the costs incurred in processing requests.
- (4) AEMO may use the *expedited consultation procedure* or any other consultation procedure it determines is appropriate in all the

circumstances (including but not limited to the *standard consultative procedure*) to consult with BB participants with respect to the formulation of the schedule of information retrieval fees.

Note:

See rules 8 & 9.

Part 22 Gas Trading Exchange

Division 1 Preliminary

532 Application of this Part

This Part contains rules applicable to a gas trading exchange.

533 Definitions

In this Part:

capacity trading and auction costs is defined in rule 135C.

exchange agreement means the gas trading exchange agreement as defined in the *NGL*.

market conduct rules means Division 5 of this Part.

membership agreement means an agreement by which a person agrees with the Operator to become a gas trading exchange member and to comply with the terms of the exchange agreement.

Operator means AEMO or, if and to the extent that AEMO has appointed a person to operate the gas trading exchange in accordance with rule 535, that person.

product means goods or a service (or a combination of goods and services) that may be traded on the gas trading exchange.

publish, by the Operator, means to make publicly available on the Operator's website.

Division 2 Operator

534 Fees recoverable by AEMO

- (1) AEMO may charge fees (**exchange fees**) relating to the establishment, operation and administration of the gas trading exchange payable by gas trading exchange members, or categories of gas trading exchange members, in accordance with the ~~the~~ exchange agreement.
- (2) Exchange fees should be sufficient to cover AEMO's budgeted costs of establishing, operating and administering the gas trading exchange and any amount determined to be recoverable as exchange fees under Part 15A as a contribution to capacity trading and auction costs.
- (3) AEMO must consult with gas trading exchange members on the structure, introduction and determination of exchange fees.

- (4) Rules 135CA(4), 135CA(5) and 135CA(6) apply to exchange fees as if references in those provisions to:
 - (a) participant fees were to exchange fees; and
 - (b) budgeted revenue requirements were to AEMO's budgeted costs referred to in subrule (2).

535 Appointment of Operator by AEMO

- (1) AEMO may appoint a person to operate all or any part of a gas trading exchange if AEMO is satisfied that the person:
 - (a) has the necessary qualifications and expertise to perform the relevant functions and exercise the relevant powers of the Operator; and
 - (b) has no interest that compromises, or would reasonably be seen to compromise, its ability to operate the gas trading exchange in an impartial manner; and
 - (c) is authorised under all applicable laws to perform those functions and exercise those powers.
- (2) Before appointing a person under subrule (1), AEMO must consult with gas trading exchange members in relation to the proposed appointment.
- (3) AEMO is not responsible for the fees, costs or expenses of any person appointed under this rule, which may only be recovered in accordance with the exchange agreement.

536 Determination of payments on close out

- (1) Subject to subrule (2) and rule 536A, the amount payable by or to a gas trading exchange member in respect of a product traded on the gas trading exchange must give effect to the terms of an order submitted by the relevant gas trading exchange member in accordance with the exchange agreement.
- (2) The Operator must determine, in accordance with the methodology established under subrule (3), amounts payable by or to gas trading exchange members in respect of, or as a consequence of:
 - (a) a failure to deliver, supply or accept goods or services in accordance with the exchange agreement; and
 - (b) the closing out of obligations of a gas trading exchange member pursuant to rule 538(4).
- (3) The Operator must make, and may amend, a methodology for determining amounts payable in the circumstances contemplated in subrule (2), which must give effect to the following principles:

- (a) the manner in which an amount in respect of a given set of circumstances is calculated must be the same for all transactions for a particular product; and
 - (b) an amount may be calculated by reference to the price applicable to a particular transaction or to a price determined by the Operator; and
 - (c) where the Operator determines a price to calculate an amount, the price in respect of any given period must be the same for all transactions for a particular product.
- (4) The Operator must make the methodology available to gas trading exchange members, the AER and any other person who requests a copy.
- (5) In making and amending the methodology, the Operator must consult with gas trading exchange members.
- (6) An amount determined under subrule (2) in respect of a gas trading exchange member and referable to a particular period of time is due and payable:
- (a) by that gas trading exchange member to the Operator; or
 - (b) by the Operator to the gas trading exchange member,

as the case may be, under the exchange agreement and in accordance with its settlement provisions, and may be set off against other amounts (including exchange fees) payable between the Operator and the gas trading exchange member under the exchange agreement.

536A Payments where primary facility agreement is terminated

- (1) The Operator must determine, in accordance with the methodology established under subrule (2), amounts payable to transportation service providers:
- (a) in respect of, or as a consequence of, the use of transportation capacity in the circumstances provided for in rule 639, for the period of time specified in that rule; and
 - (b) where the use of transportation capacity in those circumstances is subject to payment for use of the transportation capacity determined in accordance with the methodology made by AEMO under this rule.

Note to draft:

Rule 639 is in Part 24 and sets out the obligation of transportation service providers to continue to allow the capacity to be used for a period of 14 days after notifying AEMO of the termination (or to the end of the service term, if earlier). Rule 639 extends to suspension but does not require payment.

- (2) The Operator must make, and may amend, a methodology for determining amounts payable in the circumstances contemplated in subrule (1), which must give effect to the following principles:

- (a) the manner in which an amount in respect of a given set of circumstances is calculated must be the same for all transactions for a particular product; and
 - (b) an amount may be calculated by reference to the price applicable to a particular transaction or to a price determined by the Operator; and
 - (c) where the Operator determines a price to calculate an amount, the price in respect of any given period must be the same for all transactions for a particular product.
- (3) The Operator must make the methodology under subrule (2) available to gas trading exchange members, the AER, transportation service providers registered with AEMO under Part 24 and any other person who requests a copy.
- (4) In making and amending the methodology under subrule (2), the Operator must consult with gas trading exchange members and transportation service providers registered with AEMO under Part 24.
- (5) An amount determined under subrule (2) in respect of a transportation service provider and referable to a particular period of time is due and payable by the Operator to the transportation service provider in accordance with arrangements to be specified by AEMO in the Capacity Transfer and Auction Procedures.

Division 3 Membership and Participation

537 Becoming a member

- (1) Any person may apply to the Operator to become a gas trading exchange member in accordance with the exchange agreement.
- (2) The exchange agreement may provide for different categories of membership.
- (3) The Operator must enter into a membership agreement with an applicant that satisfies the criteria for membership in the relevant category as set out in the exchange agreement.

538 Suspension and termination

- (1) The Operator may, in accordance with the exchange agreement, suspend or limit the access of a gas trading exchange member to the gas trading exchange or suspend it from trading in specified products if:
 - (a) the gas trading exchange member ceases to satisfy the applicable criteria for trading;
 - (b) a suspension event, as described in the exchange agreement, occurs in relation to the gas trading exchange member;

- (c) the Operator is otherwise required or permitted to do so under the exchange agreement.
- (2) The Operator may terminate the membership agreement of a gas trading exchange member if a default event, as described in the exchange agreement, is not remedied within the period specified in the exchange agreement.
- (3) The Operator must terminate the membership agreement of a gas trading exchange member at its request, if the Operator is satisfied that the gas trading exchange member has met all of its obligations and has no contingent liabilities under the exchange agreement.
- (4) If the Operator is entitled to terminate the membership agreement of a gas trading exchange member, the Operator may, instead of or in addition to termination and in accordance with the exchange agreement:
 - (a) close out the obligations of the parties under relevant transactions entered into by that person but not yet performed;
 - (b) require the payment of amounts actually or contingently owing by that person;
 - (c) draw on and apply any credit support or collateral provided to the Operator by or in relation to that person;
 - (d) do all other things permitted under the exchange agreement to secure payment by, or reduce the potential liability of, that person in relation to the gas trading exchange.

Division 4 Exchange Agreement

539 Requirement for exchange agreement

- (1) An exchange agreement must be in effect at all times during the period of operation of the gas trading exchange and must be published by the Operator.
- (2) AEMO must make and publish the first exchange agreement before the day on which the operation of the gas trading exchange first commences.
- (3) The exchange agreement must address each of the matters specified in rule 541 and, subject to this Part, may include any other matter relevant to the gas trading exchange.

540 Amendment of exchange agreement

- (1) The Operator may only amend the exchange agreement if it is satisfied that the amendment:
 - (a) is consistent with the *NGL* and these rules; and

- (b) is appropriate having regard to:
 - (i) the national gas objective; and
 - (ii) any compliance costs likely to be incurred by the Operator or gas trading exchange members in consequence of the amendment.
- (2) Any person may propose an amendment to the exchange agreement and the Operator must publish any proposed amendment it makes or receives.
- (3) The Operator may only reject a proposed amendment without consultation if the Operator reasonably considers that the proposal:
 - (a) is inconsistent with the gas trading exchange functions;
 - (b) is similar to a proposal considered, but rejected, in the previous 12 months; or
 - (c) is misconceived or lacking in substance.
- (4) Unless subrule (3) applies, the Operator must consult on a proposed amendment with gas trading exchange members and any other person the Operator considers to be affected by the proposed amendment, in accordance with the process specified in the exchange agreement.
- (5) The exchange agreement must include the following minimum requirements for consulting and deciding on amendments to the exchange agreement:
 - (a) the Operator must allow a period for consulted parties to make submissions on the proposed amendment that is reasonable in all the circumstances, and not less than:
 - (i) 10 business days in relation to an amendment of a minor or administrative nature or a matter that, if not addressed urgently, will result in that matter imminently prejudicing or threatening the effective operation of the gas trading exchange;
 - (ii) 20 business days in any other case; and
 - (b) the Operator must publish its reasons for making any amendment or deciding to reject any proposal; and
 - (c) the Operator must notify the AER of any amendments to the exchange agreement on or before the effective date of those amendments; and
 - (d) the Operator must allow a reasonable time for gas trading exchange members to take any measures necessary to comply with an amended exchange agreement before the amendment comes into effect.

541 Minimum content of exchange agreement

The exchange agreement must set out:

- (a) the criteria that a person must satisfy to become a gas trading exchange member, either generally or in any particular category of membership, which must include a requirement to enter into a membership agreement with the Operator; and
- (b) the form of membership agreement; and
- (c) a description of the products offered for trading on the gas trading exchange from time to time; and
- (d) any criteria that a gas trading exchange member must satisfy in order to participate in the trading of a product; and
- (e) a requirement to provide security for payment in respect of products traded, including the form and amount of acceptable security and the circumstances in which the Operator may call on security provided; and
- (f) procedures and timing requirements for conducting trading, concluding transactions, payment and settlement; and
- (g) provisions for the calculation of net settlement amounts payable by or to gas trading exchange members from time to time, incorporating exchange fees and amounts determined under rule 536; and
- (h) obligations of the Operator and gas trading exchange members to maintain the security and integrity of the trading platform; and
- (i) the process for the suspension or limitation of access to the gas trading exchange, or trading in specified products, by a gas trading exchange member; and
- (j) the events or circumstances that are default events in respect of a gas trading exchange member and the steps the Operator may take in respect of a default event; and
- (k) the process for termination of a membership agreement; and
- (l) the timing and content of market information to be made available by the Operator; and
- (m) the process for amending the exchange agreement, subject to rule 540.

Division 5 Market Conduct Rules

542 General requirements

A gas trading exchange member must, in relation to its activities in connection with the gas trading exchange or the products it trades on the gas trading exchange:

- (a) comply with all applicable laws relevant to the performance of its obligations; and
- (b) not act fraudulently, dishonestly or in bad faith; and
- (c) not engage in any conduct with the intent of distorting or manipulating prices (including reported prices) or misleading any person.

Note

This rule is classified as a conduct provision under the National Gas (South Australia) Regulations. See clause 7 and Schedule 4 of the National Gas (South Australia) Regulations.

Note

This rule is classified as a civil penalty provision under the National Gas (South Australian) Regulations. See clause 6 and Schedule 3 of the National Gas (South Australian) Regulations.

543 Conduct in relation to trading

- (1) A gas trading exchange member must not submit offers to buy or sell products on the gas trading exchange:
 - (a) if the gas trading exchange member knows, or ought to know, that it will not be able to perform its obligations under a resulting transaction;
 - (b) with the intention of defaulting in its performance;
 - (c) with the intention of causing a transaction with itself; or
 - (d) with the intention of causing a transaction with an associate, in circumstances where the terms of that transaction may be varied on terms that would not reasonably be agreed with a separate unrelated party.
- (2) A gas trading exchange member must not intentionally or recklessly default in the performance of its obligations under any transaction arising on the gas trading exchange.
- (3) A gas trading exchange member must not manipulate or attempt to manipulate the price of products traded on the gas trading exchange.

Note

This rule is classified as a conduct provision under the National Gas (South Australia) Regulations. See clause 7 and Schedule 4 of the National Gas (South Australia) Regulations.

Note

This rule is classified as a civil penalty provision under the National Gas (South Australian) Regulations. See clause 6 and Schedule 3 of the National Gas (South Australian) Regulations.

544 Conduct in relation to information

- (1) A gas trading exchange member must take all reasonable steps to ensure that all data and information given to the Operator or another gas trading exchange member in accordance with the exchange agreement is correct.
- (2) A gas trading exchange member must comply with its obligations under the exchange agreement to keep information confidential.

Note

This rule is classified as a conduct provision under the National Gas (South Australia) Regulations. See clause 7 and Schedule 4 of the National Gas (South Australia) Regulations.

Note

This rule is classified as a civil penalty provision under the National Gas (South Australian) Regulations. See clause 6 and Schedule 3 of the National Gas (South Australian) Regulations.

545 AER monitoring of gas trading exchange

- (1) The AER must monitor trading activity on the gas trading exchange with a view to ensuring that gas trading exchange members are in compliance with the market conduct rules.
- (2) The AER may, in connection with its investigation of a gas trading exchange member's compliance with the market conduct rules, request the Operator to suspend or limit the access of that member to a gas trading exchange if the AER considers that continued trading by that member may materially and adversely affect:
 - (a) the financial position of other gas trading exchange members;
 - (b) the integrity of the gas trading exchange.
- (3) The Operator must comply with a request by the AER under subrule (2).

Part 24 Facilitating capacity trades and the capacity auction

Division 1 Preliminary

591 Application

- (1) This Part is made for Division 2E of Part 6 of Chapter 2 and Chapter 7A of the *NGL*.
- (2) This Part does not apply in Western Australia until the day an order under section 7A of the National Gas Access (WA) Act 2009 of Western Australia in relation to the National Gas (South Australia) (Capacity Trading and Auctions) Amendment Act 2018 of South Australia is published in the Western Australian Government Gazette or, if a later day is specified in the order, on that day.

592 Structure of this Part

- (1) Division 1 deals with preliminary matters.
- (2) Division 2 provides for the Operational Transportation Service Code.
- (3) Division 3 provides for exemptions and for the registration of transportation service providers for the purposes of the Capacity Transfer and Auction Procedures.
- (4) Division 4 provides for matters to be included in the Capacity Transfer and Auction Procedures to facilitate capacity trades and the capacity auction.
- (5) Division 5 sets out obligations of transportation service providers in relation to standard operational agreements.
- (6) Division 6 sets out other obligations of transportation service providers in relation to facility agreements to facilitate capacity trades.

593 Definitions and interpretation

- (1) In this Part:

Note:

This list includes cross-references to terms that are expected to be defined in the *NGL*, in order to provide a more complete picture.

alteration includes omissions and additions; and **alter** has a corresponding meaning.

application date means in relation to a Part 24 facility, the date on which the event occurs by reason of which it becomes a Part 24 facility, such as the date on which it is commissioned or an exemption ceases to apply or expires.

auction information standard has the meaning given in Part 25.

auction service has the meaning given in Part 25.

auction service priority principles has the meaning given in Part 25.

capacity auction means the capacity auction established by AEMO under Part 25.

Capacity Transfer and Auction Procedures means the Procedures of that name made by AEMO pursuant to the *NGL*.

commissioned means:

- (a) for a transportation facility that is not a pipeline, the date when the transportation facility is first used on a commercial basis (whether for the benefit of a person who owns or operates the transportation facility or for someone else); and
- (b) for a pipeline, the date the pipeline is commissioned as defined in the *NGL*.

compression delivery point means a compression service point used for delivery of compressed natural gas.

Code means the Operational Transportation Service Code.

Code modification decision means a decision by the AER to make a modification to the Code.

Note:

Refer to Schedule 1 of the *NGL* for the meaning of modification.

Code modification proposal means a proposal for a modification to the Code given in accordance with rule 601(1).

Code objective means the objective in rule 595(1).

compression receipt point means a compression service point used for receipt of natural gas for compression.

compression service facility has the meaning given in the *NGL*.

compression service point means a point, or combination of points (sometimes known as a notional point) at which a transportation service provider receives natural gas for compression, or delivers the compressed natural gas.

compression zone means one or more compression service points which together comprise either a compression receipt zone or a compression delivery zone, as specified in the transportation service point register.

Corporations Act means the Corporations Act 2001 of the Commonwealth.

curtailment includes curtailment of a nomination during scheduling before the start of the gas day and curtailment or interruption during the course of the gas day; and **curtail** has a corresponding meaning.

day-ahead nomination means a nomination given on a gas day about intended use of a transportation service on the following gas day or any part of the following gas day.

delivery zone means a pipeline delivery zone or a compression delivery zone.

DWGM interface point has the meaning given in rule 630(1).

election procedures means the election procedures for the OTS Code Panel published by AEMO under rule 599(1).

exempt transportation facility means a transportation facility, or part of a transportation facility, that is the subject of an exemption under rule 610, for so long as the exemption continues.

facility agreement means a primary facility agreement or an operational transportation service agreement.

facility specific terms means terms and conditions that are:

- (a) incorporated in or to be incorporated in a standard operational agreement for a transportation facility; and
- (b) developed or to be developed by the transportation service provider for the transportation facility in accordance with this Part.

firm, in relation to a forward haul service, has the meaning given in Part 25.

gas day means for a transportation facility, the period of 24 consecutive hours used for the nomination, scheduling and provision of services provided by means of the transportation facility.

impact and implementation report has the meaning given in rule 601(6).

nameplate rating:

- (a) when used in the context of a pipeline or a *receipt or delivery point*, has the meaning given in Part 18; and
- (b) when used in the context of a compression service facility, means a set of values describing the maximum quantity of natural gas that can be compressed by the compression service facility on a gas day for the compression service facility under a corresponding set of expected standard operating conditions.

Note to draft:

The GMRG understands that when the next stage of Part 18 amendments is made, the definition of nameplate rating in Part 18 will be expanded to cover compression facilities and this definition will be amended at this time to align with Part 18.

nomination means a nomination for use of a transportation service and may include the quantity of natural gas in respect of which the service will be used and the points into or from which the natural gas the subject of the service will be injected or withdrawn.

nomination cut-off time means the time by which a day-ahead nomination for a gas day must be made in order to be used for scheduling for that gas day.

operating manual means the operating manual for the OTS Code Panel published by AEMO under rule 599(1).

operational capacity means, in relation to a pipeline service point and a gas day, the quantity of natural gas that can be (as applicable) injected into, or withdrawn from, the pipeline through the pipeline service point on that gas day.

operational transfer means the transfer of transportation capacity for use under an operational transportation service agreement.

operational transportation service has the meaning given in the *NGL*.

operational transportation service agreement has the meaning given in the *NGL*.

Note to draft:

A standard operational agreement is one type of operational transportation service agreement.

Operational Transportation Service Code means the initial Operational Transportation Service Code (as defined in the *NGL*) and that Code as modified by the AER from time to time.

Operational Transportation Service Code Panel or **OTS Code Panel** means the panel of persons established by AEMO in accordance with rule 599(1) and having the functions specified in rule 600.

Part 24 commencement date means the date this Part commences.

Note:

The GMRG proposes that this Part will commence when made by the Minister.

Part 24 compression service facility means a compression service facility that is or may be used to transport natural gas between a transmission pipeline operating at lower pressure and a transmission pipeline operating at higher pressure in order to facilitate the flow of natural gas between two or more *receipt or delivery points* where the *receipt or delivery points* are located on different transmission pipelines.

Part 24 facility means a transportation facility other than a transportation facility, or any part of a transportation facility, that is an exempt transportation facility.

permitted alteration means an alteration to the standard terms or form of agreement in the Code of a kind specified or referred to in the Code as a permitted alteration.

pipeline segment means each pipeline segment specified in the transportation service point register.

pipeline service point means a point, or combination of points (sometimes known as a notional point) on a pipeline at which a transportation service provider takes delivery of natural gas, or delivers the natural gas, in connection with the provision of a pipeline service, including *receipt or delivery points* and in-pipe trading points.

pipeline zone means one or more pipeline service points which together comprise either a pipeline receipt zone or a pipeline delivery zone, as specified in the transportation service point register.

primary facility agreement means a contract (other than an operational transportation service agreement) between a transportation service provider and a transportation facility user under which the transportation service provider provides or may provide a transportation service to the transportation facility user.

primary shipper means a transportation facility user in its capacity as a party to a primary facility agreement.

prospective secondary shipper means a person who seeks or wishes to be provided with an offer to enter into a standard operational agreement and includes a person who is already provided with a standard operational transportation service under a standard operational agreement or any other agreement.

publish, by a person, means to make publicly available on the person's website and in the case of AEMO, includes to make publicly available on the Natural Gas Services Bulletin Board.

receipt zone means a pipeline receipt zone or a compression receipt zone.

required alteration means an alteration to the standard terms or form of agreement in the Code of a kind specified or referred to in the Code as a required alteration.

required amendment means, in relation to a standard operational agreement, an amendment to:

- (a) the standard terms made by a Code modification decision; or
- (b) any provision in a standard operational agreement of a kind specified or referred to in the Code or a Code modification decision as a required amendment.

related body corporate has the meaning given in the Corporations Act.

related entity means, in relation to an entity, an entity that controls or is controlled by that first mentioned entity; where "control" has the meaning given in the Corporations Act.

reserved, in relation to transportation capacity on a pipeline or at a service point (as applicable), means:

- (a) a transportation facility user has a right to nominate for use of a transportation service provided by means of the transportation capacity on a gas day;
- (b) that right was acquired in advance of the nomination cut-off time for the gas day; and
- (c) the right relates to a specified quantity of transportation capacity (that quantity being the **reserved capacity**).

schedule or **scheduling** means (when used as a verb) the process of determining the scheduled quantities for a gas day and includes any variation before or during a gas day due to curtailment or renomination; and **schedule** means (when used as a noun) the information provided by the transportation service provider to a

transportation facility user about the scheduled quantities in respect of that transportation facility user.

scheduled quantity means in relation to a gas day, transportation service and service point, the quantity of natural gas which a transportation service provider agrees to (as applicable) accept from, deliver to or compress for the transportation facility user for the gas day, transportation service and service point as that quantity may be varied by the transportation service provider from time to time.

secondary shipper means a transportation facility user in its capacity as a party to an operational transportation service agreement.

Note:

The term ‘secondary shipper’ includes transportation facility users who have acquired transportation capacity through the auction (as well as bilaterally or through the exchange) – refer to the definition of operational transportation service agreement in the *NGL*. Transportation capacity acquired in the auction is not secondary capacity, as that term may be generally understood.

service point means each compression service point and each pipeline service point.

service term means, in relation to transportation capacity purchased through the gas trading exchange, the period of time during which the buyer of the transportation capacity has a right to use the transportation capacity, as provided for in the arrangements applicable to the gas trading exchange.

single user facility has the meaning given in rule 611(4).

standard operational agreement means, for a transportation service provider and a transportation facility, the standard operational agreement for the transportation facility published by the transportation service provider from time to time in accordance with the *NGL* and this Part.

standard operational transportation service means an operational transportation service for which a service description, standard terms and conditions for provision and use of the service and a description of and requirements for facility specific terms applicable to the service, are included in the Code. To avoid doubt, each auction service is also a standard operational transportation service.

standard terms means the terms and conditions for the use of operational transportation services described in the Code as standard terms and comprising:

- (a) the description of the standard operational transportation services in the Code; and
- (b) other terms and conditions described as standard terms in the Code.

standardisation costs has the meaning given in rule 634(1).

STTM interface point has the meaning given in rule 630(1).

third party access facility has the meaning given in rule 611(4).

transfer, in relation to transportation capacity, has the meaning given in the *NGL*.

transfer point means the point where gas is transferred between a declared transmission system and a transmission pipeline that is not part of the declared transmission system.

transportation capacity has the meaning given in the *NGL*.

transportation facility has the meaning given in the *NGL*.

transportation facility user has the meaning given in the *NGL*.

transportation service has the meaning given in the *NGL*.

transportation service point register means the register of service points, zones, compression zones and pipeline segments maintained by AEMO under rule 629.

transportation service provider has the meaning given in the *NGL*.

zone means a pipeline zone or a compression zone.

- (2) Each part of a pipeline classified under the *NGL* or another Part is taken to have the same classification for the purposes of this Part.

Note:

Refer to sections 18 and 19 of the *NGL*.

- (3) For the purposes of this Part, a pipeline that is not classified under the *NGL* or another Part is classified as a transmission pipeline or a distribution pipeline applying the pipeline classification criterion in section 13 of the *NGL*.
- (4) A person required by a provision of this Part to give information or data to AEMO or the AER, including information resulting from calculations, must:
- (a) prepare and submit that information or data;
 - (b) (if applicable) maintain any equipment from which that information or data is derived; and
 - (c) perform those calculations,
- in accordance with the auction information standard.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (5) AEMO is not required to verify the accuracy of information provided to it for the purposes of performing its functions under this Part, except as expressly provided in this Part or the Capacity Transfer and Auction Procedures.

594 Part 23 does not apply

- (1) Subject to subrule (2), for the purposes of rule 563(2)(e), an access dispute about the terms and conditions of a standard operational agreement is excluded from the operation of Part 23.
- (2) Subrule (1) does not apply to an access dispute about the terms and conditions for the provision of a transportation service that is not a standard operational transportation service (whether or not incorporated or to be incorporated in an agreement that is otherwise in the form of a standard operational agreement).

Division 2 Operational Transportation Service Code

Subdivision 2.1 Objective and content

595 Objective and effective date

- (1) The Code objective is to provide for access to operational transportation services on reasonable terms, which for the purposes of this Part, is taken to mean at prices and on other terms and conditions that, so far as practical, reflect the outcomes of a workably competitive market.
- (2) The initial Operational Transportation Service Code comes into effect when it is made.

Note:

The initial Operational Transportation Service Code will be made by the Minister.

- (3) The AER may make modifications to the Code, subject to and in accordance with this Division.
- (4) The AER must publish:
 - (a) the initial Operational Transportation Service Code and each subsequent version of the Code; and
 - (b) each Code modification decision.

596 Content of the Code

- (1) The Code must make provision for or with respect to:
 - (a) the terms and conditions for the provision of standard operational transportation services; and
 - (b) any other matter that the *NGL* or the rules requires to be addressed in the Code.

- (2) The Code must contain:
 - (a) a description of each standard operational transportation service, specifying in each case whether it is an auction service;
 - (b) terms and conditions for the provision and use of standard operational transportation services;
 - (c) a description of, and the requirements for, facility specific terms for the provision and use of standard operational transportation services; and
 - (d) a form of agreement for execution by the parties, incorporating:
 - (i) the standard terms; and
 - (ii) the facility specific terms applicable to the transportation facility or facilities to which the agreement relates,in each case, as amended from time to time.
- (3) The Code must, to the extent reasonably practicable, provide for the terms and conditions for the provision of a standard operational transportation service to be specified in the standard terms (in preference to facility specific terms).
- (4) The service descriptions and the terms and conditions for use of standard operational transportation services in the Code, including standard terms and the description of, and the requirements for, facility specific terms, must be consistent with:
 - (a) this Division;
 - (b) in the case of auction services, Part 25, including the auction service priority principles; and
 - (c) the Capacity Transfer and Auction Procedures.

597 Standard operational transportation services and auction services

- (1) The standard operational transportation services must include all the auction services.

Note:

The priority principles for auction services are in Part 25.

- (2) The standard operational transportation services (other than auction services) may include forward haul, park, compression or any other transportation service capable of being provided by means of a Part 24 facility.
- (3) The standard operational transportation services (other than auction services) for forward haul services and compression services must be provided using the zonal model as described in this subrule. Under the zonal model:

- (a) the seller of the transportation capacity will specify the service point within each zone from which the transportation capacity must be released to give effect to the sale;
- (b) the buyer of the transportation capacity will nominate the service point within the receipt zone and delivery zone respectively at which the buyer wishes to have the forward haul service provided at any time up to the nomination cut-off time, which do not have to be the same service points as those specified by the seller for the release of the transportation capacity; and
- (c) where the operational capacity at a service point is insufficient to meet all the nominations or renominations of transportation facility users for the use of the transportation capacity at that point on a gas day, then in scheduling or curtailing services for the gas day, the transportation service provider will give priority to:
 - (i) first, nominations and renominations for the use of firm forward haul services or firm compression services (as applicable) provided under a primary facility agreement with transportation capacity reserved at that service point; and
 - (ii) then, nominations and renominations for the use of the service point for any other firm forward haul service or firm compression service (as applicable).

598 Standard terms and facility specific terms

- (1) Subject to rules 596 and 597, the standard terms may make provision for or with respect to any matter that it is necessary or convenient to deal with as standard terms, which may include:
 - (a) conditions precedent to the provision of service including the provision of credit support and evidence of insurance;
 - (b) obligations of transportation service providers and secondary shippers with respect to the provision and use of transportation services under the agreement;
 - (c) operational matters including nominations, renominations, scheduling, curtailment, reporting and allocation of receipts and deliveries of natural gas and transportation facility maintenance;
 - (d) gas quality, pressure and temperature and arrangements with respect to off-specification gas including liabilities;
 - (e) title to gas, risk in and responsibility for gas and coordination of operations;
 - (f) invoicing and payment; and
 - (g) general contractual matters including limitations and exclusions of liability, indemnities, termination and representation and warranties.

- (2) The description of, and the requirements for, facility specific terms in the Code:
- (a) must include principles that must be complied with when making the facility specific terms that are consistent with the Code objective;
- Note:**
- For example, the Code may require facility specific terms to be consistent with equivalent terms in an access arrangement approved by the AER under Part 8 or to not discriminate against secondary shippers.
- (b) may make further provision with respect to matters that are provided for in the standard terms and are specific to the transportation facility;
 - (c) subject to rule 634, may make provision for charges relating to the recovery of costs; and
 - (d) subject to rule 596(3), may make provision for or with respect to any other matter that it is necessary or convenient to deal with as facility specific terms.

Subdivision 2.2 How the Code is modified

599 Establishment and operation of the OTS Code Panel

- (1) AEMO must:
- (a) establish the Operational Transportation Service Code Panel (also known as the OTS Code Panel), the composition of which must be in accordance with this Subdivision;
 - (b) develop, maintain and publish the election procedures for the OTS Code Panel, to provide for:
 - (i) the identification of persons eligible to nominate or be appointed as members and persons eligible to vote;
 - (ii) nomination procedures for members selected by vote, the voting procedures and the determination and publication of election results; and
 - (iii) the term of a member, the removal or resignation of a member and ad-hoc appointments to the OTS Code Panel in those circumstances;
 - (c) develop, maintain and publish the operating manual for the OTS Code Panel, to provide for the manner in which the OTS Code Panel performs its functions, including the arrangements for:
 - (i) assessing, developing if necessary, consulting on and making recommendations in relation to Code modification proposals;
 - (ii) preparation of impact and implementation reports;
 - (iii) panel administration including communications, meetings and the development of budgets; and

- (iv) any other matter that it is convenient to deal with in the operating manual; and
 - (d) maintain a register of members of the OTS Code Panel that includes the name of each current member, their category of membership and the name of any alternate appointed by that member.
- (2) AEMO must establish and manage the arrangements for:
 - (a) receipt and initial assessment of Code modification proposals in accordance with rule 601;
 - (b) providing Code modification proposals to the OTS Code Panel (other than those rejected following initial assessment under rule 601(3)); and
 - (c) publication of information by or on behalf of the OTS Code Panel.
- (3) AEMO may provide advice to the OTS Code Panel or the AER in relation to Code modification proposals including whether:
 - (a) the Code modification proposal is consistent with the Capacity Transfer and Auction Procedures and the arrangements for the gas trading exchange and the capacity auction; and
 - (b) changes are required to any AEMO systems or procedures in order to deliver the Code modification proposal and, if so, the likely costs of making the changes.
- (4) Subject to subrule (5), the following costs must be incurred and paid by AEMO in the first instance and recouped by AEMO as part of the capacity trading and auction costs under Part 15A:
 - (a) the costs of the establishment and operation of the OTS Code Panel (including the costs of specialist advisors);
 - (b) the costs relating to the AEMO member's participation in the OTS Code Panel; and
 - (c) the operational costs associated with any service provided by AEMO to facilitate the functioning of the OTS Code Panel.
- (5) The costs of any member (other than the AEMO member) relating to their participation in the OTS Code Panel is not to be borne by AEMO or recouped by AEMO as part of the capacity trading and auction costs under Part 15A.

600 Functions of the Operational Transportation Service Code Panel

- (1) The OTS Code Panel has the following functions:
 - (a) assessing and consulting on Code modification proposals and, to the extent necessary, developing Code modification proposals;
 - (b) preparing impact and implementation reports;

- (c) making recommendations in relation to Code modification proposals;
 - (d) reporting to the AER, in accordance with the rules, on Code modification proposals;
 - (e) further developing Code modification proposals at the request of the AER;
 - (f) establishing working groups, where appropriate, to assist with the work of the OTS Code Panel;
 - (g) making recommendations to AEMO for changes to the Capacity Transfer and Auction Procedures or the arrangements for the gas trading exchange or capacity auction insofar as relevant to the effective operation of standard operational agreements; and
 - (h) any other functions conferred on it under the rules.
- (2) In performing its functions, the OTS Code Panel must comply with the operating manual.

601 Code modification proposals

- (1) Any person, other than a member of the OTS Code Panel, may propose a modification to the Code by providing a Code modification proposal to AEMO. A Code modification proposal must be in writing and must include details of the proposed modification and supporting information, including reasons. A Code modification proposal may include a draft of the proposed modification.
- (2) Subject to subrule (3), AEMO must within 10 business days of receipt of a Code modification proposal refer it to the OTS Code Panel for assessment and recommendation in accordance with the rules and the OTS Code Panel's operating procedures.
- (3) AEMO may, within the 10 business day period in subrule (2), reject a Code modification proposal without referring it to the OTS Code Panel if AEMO reasonably considers that the Code modification proposal is misconceived or lacking in substance.
- (4) If AEMO decides to reject a Code modification proposal under subrule (3), AEMO must:
 - (a) give the proponent written notice of the decision and the reasons for it; and
 - (b) send to the AER and the OTS Code Panel the decision and the reasons for it, together with the Code modification proposal received under subrule (1).
- (5) The OTS Code Panel must assess a Code modification proposal referred to it and to the extent necessary, may consult on and develop the proposal.

- (6) Within 50 business days of a Code modification proposal being referred to the OTS Code Panel, the OTS Code Panel must submit a report to the AER (an **impact and implementation report**) containing:
 - (a) a critical examination of the Code modification proposal;
 - (b) an assessment of the likely effect of the modification, if made;
 - (c) the recommendation of the OTS Code Panel on whether the modification should be made and if so, the timing and transitional arrangements for implementation; and
 - (d) details of how the OTS Code Panel has had regard to the matters in rule 605 and relevant and material comments that it receives by the closing date for submissions under rule 602.
- (7) AEMO may, at the request of the OTS Code Panel, by publishing a notice, extend the time limit in subrule (6) if:
 - (a) the relevant proposal raises questions of such complexity or difficulty that an extension of the time limit is justified; or
 - (b) a material change of circumstances occurs justifying the extension of the time limit.
- (8) A notice published under subrule (7) must state the reasons for the extension.
- (9) If the OTS Code Panel is unable to make a recommendation in respect of a Code modification proposal within the time limit in subrule (6) (as may have been extended), AEMO must refer the matter to the AER.
- (10) If the matter is referred to the AER under subrule (9), the AER must either:
 - (a) treat the matter as a recommendation by the OTS Code Panel not to make the Code modification; or
 - (b) extend the time limit for the OTS Code Panel to consider and make a recommendation about the Code modification proposal.
- (11) If a proponent withdraws its Code modification proposal, the process established pursuant to this Subdivision lapses.

602 Consultation by the OTS Panel

- (1) The OTS Code Panel may invite the AEMC and AEMO (in addition to its representation on the OTS Code Panel) to provide advice in relation to a Code modification proposal.
- (2) Subject to subrule (3), before the OTS Code Panel submits its impact and implementation report to the AER in relation to a Code modification proposal, the OTS Code Panel must publish a notice:

- (a) setting out the proposed Code modification together with the draft impact and implementation report; and
 - (b) inviting interested persons to submit written comments on or before a closing date for submission specified in the notice, which must be a reasonable time after the notice is published having regard to the nature of the proposal and must be at least 20 business days.
- (3) No notice under subrule (2) is required to be published for a modification that is:
 - (a) urgently necessary to ensure the proper operation of the capacity auction or the gas trading exchange or the safe and reliable operation of 1 or more transportation facilities; or
 - (b) non-material (that is, the modification corrects a minor error in the Code or is unlikely to have a significant financial or operational impact).
- (4) In preparing the final impact and implementation report for the AER in relation to a Code modification, where the OTS Code Panel has consulted on the proposed Code modification:
 - (a) the OTS Code Panel must take into account all relevant and material comments it receives by the closing date for submission and include a summary of those comments; and
 - (b) in its discretion, the OTS Code Panel may take into account any comments it receives after the closing date for submission.

Note:

This rule represents the minimum requirements. The OTS Code Panel is not prevented from seeking commentary on the proposal by other means and from other sources.

603 AER response to OTS Code Panel recommendations

- (1) Subject to subrule (2), the AER must make and publish its decision as provided for in this rule not later than 40 business days after receipt of a recommendation from the OTS Code Panel about a proposed Code modification.
- (2) The AER may, by publishing a notice, extend the time limit in subrule (1) if further time to consult is required having regard to the nature of the proposed Code modification, the issues raised in the impact and implementation report and any other matters raised with the AER.
- (3) The AER may conduct further consultation about a proposed Code modification the subject of a recommendation from the OTS Code Panel before making its decision and may request advice from AEMO (in addition to any provided through the OTS Code Panel) or advice from the AEMC or any other person with relevant expertise.
- (4) The AER may decide to:
 - (a) accept the recommendation of the OTS Code Panel; or

- (b) reject the recommendation of the OTS Code Panel and, where the recommendation from the OTS Code Panel is not to make a Code modification, make a Code modification on its own initiative under rule 604; or
- (c) remit the proposal to the OTS Code Panel for further consideration, either in the same form or in a modified form, in which case the AER must also notify the OTS Code Panel of the AER's expected time frame for completion of that further work.

604 Code modifications

- (1) The AER may make a modification to the Code on the recommendation of the OTS Code Panel or on its own initiative.
- (2) Before make a modification to the Code on its own initiative, but subject to subrule (3), the AER must request advice from the OTS Code Panel and AEMO (separately from advice provided through its representation on the OTS Code Panel) and must publish a notice:
 - (a) setting out the proposed Code modification together with a critical examination of the proposed Code modification and an assessment of the likely effect of the modification if made; and
 - (b) inviting interested persons to submit written comments on or before a closing date for submission specified in the notice, which must be consistent with rule 604(3).
- (3) No consultation is required for a modification that has been the subject of prior consultation by the OTS Code Panel or that is:
 - (a) urgently necessary to ensure the proper operation of the capacity auction or the gas trading exchange or the safe and reliable operation of 1 or more transportation facilities; or
 - (b) non-material (that is, the modification corrects a minor error in the Code or is unlikely to have a significant financial or operational impact).
- (4) Where the AER conducts consultation, the AER must take into account all relevant and material comments it receives by the closing date for submission and must include a summary of the comments in its decision. The AER may in its discretion take into account any comments it receives after the closing date for submission.

605 Principles for making Code modification decisions

- (1) In deciding whether to make a modification to the Code, the AER must:
 - (a) take into account the Code objective;
 - (b) give effect to the requirements for the Code in Subdivisions 2.1; and

- (c) take into account the operational and technical requirements necessary for the safe and reliable operation of transportation facilities.
- (2) In deciding whether to make a modification to the Code, the AER may also take into account:
 - (a) the legitimate business interests of transportation service providers in relation to transportation facilities; and
 - (b) the interests of all persons who have a right to use transportation facilities.
- (3) The AER's decision in relation to a proposal to make a modification to the Code must state the reasons for the AER's decision.
- (4) Where the AER has decided to make a modification to the Code, the Code modification decision must state:
 - (a) the time the modification takes effect or, if different provisions in the modification take effect at different times, those times; and
 - (b) the time by which transportation service providers must publish new standard operational agreements giving effect to the modification, which must not be earlier than 20 business days after the Code modification decision is published by the AER.
- (5) A Code modification decision may provide for matters consequent on the modification including required amendments and provisions of a savings or transitional nature.
- (6) A modification to the Code takes effect at the time or times specified by the AER in the Code modification decision.
- (7) The AER may specify that a modification to the Code takes effect at different times for different classes of transportation capacity (for which purpose the same type of transportation capacity purchased at different times may comprise different classes).

Note:

For example, a Code modification may apply to transportation capacity purchased after the date it takes effect, but not to transportation capacity purchased before that date with a service term that starts or continues after that date.

- (8) A Code modification decision must not have the effect of altering the rights and obligations of the parties in relation to the provision or use of a standard operational transportation service accrued prior to the date on which the modification to the Code takes effect.
- (9) A modification to the Code is effective notwithstanding any defect in the process followed by the AER, AEMO or the OTS Code Panel in relation to the modification.

- (10) If the Court orders (by declaration or otherwise) that a provision of the Code is invalid, the order of the Court does not affect the previous operation of the Code or affect a right, privilege or liability acquired, accrued or incurred under an operational transportation service agreement.

Subdivision 2.3 OTS Code Panel membership and procedures

606 Members of the OTS Code Panel

- (1) The OTS Code Panel must consist of:
- (a) two persons nominated and elected as members by transportation service providers who are registered with AEMO under this Part, to represent transportation service providers;
 - (b) two persons nominated and elected as members by transportation facility users who are also Registered participants or gas trading exchange members, one of whom must be appointed to represent transportation facility users generally and one of whom must be appointed to represent large users of natural gas; and
 - (c) one person appointed as a member by AEMO to represent AEMO, who must be an authorised employee of AEMO.
- (2) Each member must serve on the OTS Code Panel for the term specified in the election procedures, subject to their resignation, removal or replacement in accordance with the rules, election procedures or operating manual.
- (3) Subject to subrule (4), a member may appoint an alternate to act on the member's behalf if the member is unable to attend a meeting of the OTS Code Panel due to a material conflict of interest or otherwise.
- (4) An alternate appointed under subrule (3):
- (a) must meet the qualification requirements under subrule (1) and where applicable, the election procedures;
 - (b) other than in the case of an alternate appointed by the AEMO member, must be approved by simple majority of the OTS Code Panel; and
 - (c) may attend and vote at meetings of the OTS Code Panel and otherwise may exercise all the powers, and must perform all the duties, of a member represented by that alternate (including, but not limited to, acting as chair of the OTS Code Panel where the relevant member is the AEMO member), when the member is not present at the meeting.

607 Nomination, election and appointment of members

- (1) A person may only be nominated and elected as a member in accordance with the rules and the election procedures.

- (2) If two or more persons are related bodies corporate or related entities and belong to the same voter category (**related voters**), then only one of the related voters may nominate and vote in respect of an election for the relevant voter category.
- (3) A person may only be nominated as a member if the person satisfies the requirements for the voter category for which the person is nominated as set out in the rules and the election procedures.
- (4) A person nominated or appointed to be a member of the OTS Code Panel must have:
 - (a) the experience and the skills to perform their role and where applicable, to consider the issues that affect the voter category that they are being nominated to represent;
 - (b) knowledge of the subject matter of the Code; and
 - (c) knowledge and understanding of the rules and related legislative and regulatory framework.

608 Obligations of OTS Code Panel members

- (1) Each member of the OTS Code Panel in performing any duties or in exercising any right, power or discretion as a member must:
 - (a) at all times act honestly;
 - (b) exercise the degree of care and diligence that a reasonable person in a like position would exercise;
 - (c) not make improper use of information acquired by virtue of being a member to gain, directly or indirectly, an advantage for a member, or the parties by which the member is employed and/or which nominated the person to be a member;
 - (d) not make improper use of the person's position as a member to gain, directly or indirectly, an advantage for that person or the party by which that person is employed and/or which nominated the person to be a member; and
 - (e) not take part in any decision of the OTS Code Panel where the member has, or would reasonably be considered to have, a material conflict of interest in the matter to be decided or determined by the OTS Code Panel.
- (2) For the purposes of this Subdivision, a conflict will be material if it detracts, or would reasonably be considered to be likely to detract, from the member's capacity to exercise independent judgment in respect of the relevant matter.
- (3) Notwithstanding subrules (1) and (2), a member may take into account the interests of persons it has been elected to represent in performing the member's duties and exercising any right, power or discretion as a member.

- (4) No personal liability attaches to a person appointed to the OTS Code Panel as a member or an alternate for an act or omission done in good faith in the performance or exercise, or purported performance or exercise, of a right, power or discretion of a member of the OTS Code Panel.

609 Meetings of the OTS Code Panel

- (1) The OTS Code Panel must meet at least once every six months and may meet in person or by video link or other means provided for in the operating manual.
- (2) Subject to subrule (3), the AEMO member is the chair of the OTS Code Panel.
- (3) If the AEMO member and that person's alternate (if any) are unable to act as chair at a meeting of the OTS Code Panel because the member or alternate has or would reasonably be considered to have a material conflict of interest in the matter to be decided or determined by the OTS Code Panel at that meeting, then a member chosen by an ordinary majority may preside as chair of the meeting for the relevant matter.
- (4) The quorum for a meeting of the OTS Code Panel consists of 3 members and must include the AEMO member, except where the AEMO member and that person's alternate (if any) are unable to attend the meeting because the AEMO member and that person's alternate (if any) have, or would reasonably be considered to have, a material conflict of interest in the matters to be decided or determined by the OTS Code Panel at the meeting.
- (5) Decisions of the OTS Code Panel may be made by simple majority of those present and voting. Each member of the OTS Code Panel has one vote and in the event that votes are tied, the chair of the meeting has a casting vote.

Division 3 Exemptions and registration

Subdivision 3.1 Exemptions

610 Scope of exemptions

- (1) The transportation service provider for a transportation facility, or a part of a transportation facility, specified in subrule (2) is exempt from the following obligations, for so long as the exemption continues:
 - (a) for section 228B(2) of the *NGL*, the obligation in section 228B(1) of the *NGL* to adopt and publish a standard operational agreement in respect of the transportation facility; and
 - (b) for section 91BRS(1) or section 91BRT of the *NGL* (as applicable), the obligation in section 91BRS of the *NGL* to register with AEMO in respect of the transportation facility.

- (2) The transportation facilities specified for the purposes of subrule (1) are:
 - (a) a pipeline classified as a distribution pipeline;
 - (b) a transportation facility, other than a transfer point, that forms part of a declared transmission system;
 - (c) a compression service facility that is not a Part 24 compression service facility;
 - (d) subject to subrule (3), a transportation facility located in the Northern Territory; and
 - (e) a transportation facility, or a part of a transportation facility, that is the subject of an exemption granted by the AER under this Subdivision.
- (3) The exemption for transportation facilities referred to in subrule (2)(d) expires on the date on which the first transmission pipeline capable of transporting natural gas between the Northern Territory and a location in Queensland, New South Wales or South Australia, is commissioned.

611 Exemptions granted by the AER

- (1) The AER must on the application of the transportation service provider for a transportation facility, grant an exemption under this Subdivision in respect of the transportation facility or a part of the transportation facility, if:
 - (a) the transportation service provider has demonstrated to the reasonable satisfaction of the AER that the transportation facility (or relevant part) qualifies for an exemption under subrule (3);
 - (b) in the case of part of a transportation facility, the grant of an exemption in respect of part of the transportation facility will not hinder access to operational transportation services on any other part of the transportation facility; and
 - (c) the AER is otherwise satisfied that in all the circumstances the exemption should be granted.
- (2) Subject to this Subdivision, the AER may grant an exemption under this Subdivision in respect of a class or group of transportation facilities on the application of a transportation service provider for one or more of the transportation facilities or on its own initiative.
- (3) A transportation facility (or relevant part) qualifies for an exemption under this subdivision, and the AER must only grant an exemption under this Subdivision for the transportation facility (or relevant part), if:
 - (a) the transportation facility (or relevant part) is not a third party access facility;
or

- (b) the transportation facility (or relevant part) is a single user facility and the exemption is subject to the condition in subrule (6); or
 - (c) the transportation facility (including each part) has a nameplate rating less than 10 TJ per day and the exemption is subject to the condition in subrule (6).
- (4) For the purposes of subrule (3):
 - (a) a transportation facility (or the relevant part) is a **third party access facility** if any transportation services on the transportation facility are offered or provided, directly or indirectly to any person other than:
 - (i) the transportation service provider for the transportation facility;
 - (ii) a related body corporate of the transportation service provider for the transportation facility; or
 - (iii) a joint venture in which the transportation service provider for the transportation facility or a related body corporate of the transportation service provider for the transportation facility is a joint venture participant; and
 - (b) a transportation facility (or the relevant part) is a **single user facility** if:
 - (i) the transportation facility is a third party access facility; and
 - (ii) all transportation services on the transportation facility are provided to a single transportation facility user, taking into account transportation services provided both directly and indirectly by the transportation service provider.
- (5) For the purposes of subrule (4), the circumstances in which a transportation service provider for a transportation facility provides a transportation service to a transportation facility user indirectly include where:
 - (a) an associate of the transportation service provider supplies the transportation service to the transportation facility user; and
 - (b) the transportation service is bundled with the supply of natural gas (for example, by agreeing a delivery point for the supply of natural gas that requires the supplier to use the transportation service).

Note:

Section 2 of the *NGL* defines associate and supply.

- (6) An exemption granted for a transportation facility (or the relevant part) that is a single user facility or has a nameplate rating less than 10 TJ per day must be subject to a condition that the transportation service provider for the transportation facility must, within 60 business days after receiving a request from a prospective secondary shipper for a standard operational agreement for the transportation facility (or the relevant part):

- (a) prepare an agreement satisfying the requirements for a standard operational agreement under the rules and the Code for the transportation facility (or the relevant part); and
 - (b) make an offer to enter into the agreement with the prospective secondary shipper in accordance with, and subject to, rule 637.
- (7) An exemption granted by the AER in accordance with this Subdivision:
 - (a) takes effect on a date specified by the AER in the exemption; and
 - (b) ends on the expiry date specified in the exemption or, if earlier, the date a revocation of the exemption made under this Subdivision comes into effect.
- (8) The AER must notify AEMO of each exemption granted under this Subdivision and each exemption revocation.
- (9) The AER must establish, publish and maintain a register of exemptions granted by the AER under this Subdivision and exemption revocations.
- (10) The transportation service provider for a transportation facility for which an exemption has been granted under this Subdivision must notify the AER without delay if circumstances change such that the transportation facility (or the relevant part) no longer qualifies for the exemption under this Subdivision.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

612 Exemption conditions

- (1) Subject to rule 611(6), an exemption under this Subdivision may be granted subject to any conditions determined by the AER.
- (2) The transportation service provider for a transportation facility for which an exemption has been granted under this Subdivision must comply with any conditions of the exemption.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (3) The AER may on the application of the transportation service provider for a transportation facility the subject of an exemption or on its own initiative vary the conditions of an exemption.
- (4) A variation to the conditions of an exemption takes effect on the date specified by the AER in its decision to grant the variation.

613 Revocation

- (1) The AER may revoke an exemption granted by it under this Subdivision where in the AER's reasonable opinion, the relevant transportation facility no longer qualifies for the exemption.
- (2) The AER may revoke an exemption granted by it under this Subdivision on its own initiative or following an application made by any person.
- (3) A revocation of an exemption under this rule takes effect on the date specified by the AER in its decision to revoke the exemption.

614 Making and form of application

- (1) A transportation service provider for a transportation facility may apply to the AER for:
 - (a) the grant of an exemption for its transportation facility; or
 - (b) a variation to any condition of an exemption for its transportation facility.
- (2) Any person may apply to the AER for the revocation of, or a variation to, an exemption.
- (3) An application under this Subdivision must be in the form, and contain the information, specified in any guidelines issued by the AER for the purposes of this rule.
- (4) The AER may, within the period for making a decision on the application under rule 615, ask the applicant to provide further information or clarification in support of the application if the AER considers that the application is incomplete or requires clarification.
- (5) If the AER asks for further information or clarification under subrule (4), the application is taken to have been made when the further information or clarification is provided to the AER's satisfaction.

615 Decision on application

- (1) The AER must decide whether to grant or refuse to grant an application made under rule 614 within 40 business days after the application is made.
- (2) The AER may extend the time period in subrule (1) by a further period of up to 20 business days by giving the applicant written notice of the extension not later than 30 business days after the application is made.

- (3) The AER must:
 - (a) give the applicant written notice of its decision to grant or refuse to grant an application made under rule 614, including any conditions imposed in accordance with rule 612 or rule 611(6); and
 - (b) if the AER imposes conditions on the grant of an exemption or a variation of an exemption in accordance with rule 612, or refuses to grant an application made under rule 614, give the applicant written reasons for its decision.

616 Decision to vary or revoke an exemption

- (1) If the AER proposes to vary or revoke an exemption other than on the application of the transportation service provider for the transportation facility concerned, it must notify the transportation service provider for the transportation facility and invite the transportation service provider to make submissions about the proposed variation or revocation within 20 business days of the notice.
- (2) If a transportation service provider given a notice under subrule (1) provides written submissions to the AER within the period required by the notice, the AER must have regard to those submissions in deciding whether to vary or revoke the exemption.
- (3) If the AER varies or revokes an exemption it must give the transportation service provider for the transportation facility written reasons for its decision.

Subdivision 3.2 Registration

617 AEMO to maintain register and publish guide

- (1) AEMO must, in accordance with this Part and the Capacity Transfer and Auction Procedures, establish, maintain and publish a register of:
 - (a) transportation service providers registered under this Part (each of which will also be a facility operator for the purposes of Part 25); and
 - (b) transportation facilities registered under this Part (each of which will be both a Part 24 facility for the purposes of this Part and an auction facility for the purposes of Part 25).
- (2) The register must include:
 - (a) the name and contact details for each transportation service provider;
 - (b) a description of each Part 24 facility and the transportation service provider for the Part 24 facility;
 - (c) any further information required by these rules or the Capacity Transfer and Auction Procedures; and
 - (d) any further information determined by AEMO.

- (3) AEMO must develop, maintain and publish a guide for transportation service providers about the process and timing for registration under this Part and the consideration and approval of the proposed specifications of service points and pipeline segments.

618 Registration of transportation service providers

- (1) A transportation service provider for a Part 24 facility must apply to AEMO to register under this Part, if the transportation service provider is not already registered under this Part.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) An application under subrule (1) must be made no later than 20 business days after the person becomes a transportation service provider for a Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

619 Obligation to register Part 24 facilities

- (1) The transportation service provider for a Part 24 facility must apply to AEMO to:
 - (a) register the Part 24 facility under this Part, if it is not already registered under this Part; and
 - (b) be registered under this Part as the transportation service provider for the Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) An application under subrule (1) must be made no later than 20 business days after the application date for the Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

620 Multiple transportation service providers for a Part 24 facility

- (1) If there is more than one transportation service provider for a Part 24 facility, each transportation service provider for the Part 24 facility is taken to be a member of a transportation service provider group for that Part 24 facility (the **relevant Part 24 facility**).
- (2) Subject to subrule (3), the members of a transportation service provider group may appoint one of the members in writing to be the **responsible transportation service provider** for the relevant Part 24 facility for the purposes of this Part.

- (3) The responsible transportation service provider must be the member of the transportation service provider group who publishes the standard operational agreement for the relevant Part 24 facility from time to time.
- (4) A responsible transportation service provider may apply on behalf of another member of its transportation service provider group to register that other member under this Part in the capacity of transportation service provider if the responsible transportation service provider has the written permission of that member of the transportation service provider group to do so.

Note:

All members of a transportation service provider group must apply to register under this Part in the capacity of transportation service provider. This subrule (3) allows the responsible transportation service provider to submit an application for a transportation service provider who is not otherwise registered.

- (5) The responsible transportation service provider of a transportation service provider group may apply on behalf of itself and all other members of the transportation service provider group to:
 - (a) register the relevant Part 24 facility under this Part; and
 - (b) register the responsible transportation service provider under this Part as the transportation service provider for the relevant Part 24 facility.
- (6) An application for registration under this Part made by a transportation service provider in the capacity of responsible transportation service provider of a transportation service provider group must contain the information about the transportation service provider group specified in the Capacity Transfer and Auction Procedures.
- (7) If a responsible transportation service provider has registered as the transportation service provider for the relevant Part 24 facility, so long as that registration remains in effect:
 - (a) each other member of the transportation service provider group is exempt from the requirement to register the relevant Part 24 facility and to register as the transportation service provider for the relevant Part 24 facility;
 - (b) the responsible transportation service provider must update the information about the transportation service provider group provided under subrule (5) if there is any change;
 - (c) AEMO may fulfil AEMO's obligations to the members of the transportation service provider group under this Part, Part 25 and the Capacity Transfer and Auction Procedures by performing those obligations in relation to the responsible transportation service provider in place of the relevant members; and

- (d) each member of the transportation service provider group must procure and where necessary facilitate, the compliance of the responsible transportation service provider with its obligations under this Part.

621 Change of transportation service provider

- (1) If the identity of the transportation service provider for a Part 24 facility registered under this Part changes:
 - (a) the outgoing transportation service provider must notify AEMO of the change; and
 - (b) the new transportation service provider must apply to register under this Part as the transportation service provider for the Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) If the identity of the responsible transportation service provider for a Part 24 facility changes:
 - (a) the outgoing responsible transportation service provider must notify AEMO of the change; and
 - (b) the new responsible transportation service provider (if any) must apply to register under this Part as the new transportation service provider for the Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (3) A notice under subrule (1) or (2) must be given no later than 5 business days after the change takes effect.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (4) An application for registration referred to in subrule (1) or (2) must be made no later than 5 business days after the change takes effect.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The registered transportation service provider remains responsible for the provision of information for the capacity auction until the new registration takes effect.

622 Application for registration

- (1) An application for registration under this Part must:

- (a) be in the form and contain the information specified by AEMO in the Capacity Transfer and Auction Procedures; and
 - (b) in relation to an application to register a Part 24 facility, contain:
 - (i) a description of the Part 24 facility; and
 - (ii) unless the information is already provided under Part 18, the nameplate rating of the Part 24 facility.
- (2) An application to register under this Part may be made:
 - (a) by a person who intends to become a transportation service provider or a responsible transportation service provider;
 - (b) in respect of a proposed Part 24 facility; or
 - (c) by a person intending to register as a transportation service provider for a Part 24 facility.
- (3) AEMO may, within 10 business days of receiving an application, ask the applicant to provide further information or clarification in support of the application if AEMO considers that an application is incomplete or requires clarification.
- (4) If a notice is given under subrule (3) the applicant must, within 10 business days of the notice, provide to AEMO the information or clarification required to complete or clarify the application. If the information is not provided in that period, the application is taken to have been made when further information or clarification is provided to AEMO's satisfaction.
- (5) A person registered under this Part must give AEMO updated information as soon as practicable if any information provided in accordance with this rule changes or is otherwise inaccurate.

623 AEMO to register applicants and their facilities

- (1) AEMO must register an applicant as a transportation service provider if the applicant has applied for registration under this Part in that capacity in accordance with this Part.
- (2) AEMO must register a Part 24 facility the subject of an application under this Part if an application for registration of the Part 24 facility has been made in accordance with this Part.
- (3) Where an application for registration is made pursuant to this Part by an intending transportation service provider or in respect of a proposed Part 24 facility, the registration takes effect at the time determined by AEMO.
- (4) AEMO must confirm registration details to the applicant as provided for in the Capacity Transfer and Auction Procedures.

624 Revocation of registration

- (1) A transportation service provider must apply to AEMO to revoke its registration under this Part if the transportation service provider is no longer required by this Part to be registered.
- (2) A transportation service provider must apply to AEMO to revoke the registration of its transportation facility under this Part if the transportation facility is no longer required by this Part to be registered.
- (3) An application under subrule (1) or (2) must:
 - (a) be in the form specified by AEMO in the Capacity Transfer and Auction Procedures; and
 - (b) contain the information specified by AEMO.
- (4) AEMO must revoke the registration the subject of an application under subrule (1) or (2) if AEMO is satisfied based on the information in the application that the person or transportation facility is no longer required by this Part to be registered.

Division 4 Determination of zones and matters for the Capacity Transfer and Auction Procedures

625 Information about contracts

The transportation service provider for a Part 24 facility must give AEMO information specified in the Capacity Transfer and Auction Procedures within the time required by those Procedures about facility agreements to allow the accurate identification of those agreements for the purposes of giving effect to a sale or purchase of transportation capacity concluded through the gas trading exchange or the capacity auction.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

626 Service point and pipeline segment specifications

- (1) A transportation service provider for a Part 24 facility must propose and have approved, in accordance with the Capacity Transfer and Auction Procedures:
 - (a) a specification of each service point at or between which transportation services are provided by means of the Part 24 facility, in a form that complies with the Procedures and is suitable for publication in the transportation service point register;
 - (b) in the case of a Part 24 compression service facility, the composition of the compression service points for the Part 24 compression service facility; and

- (c) in the case of a pipeline, the specification of the pipeline segments on the pipeline for which auction quantity limits (as defined in Part 25) are to be determined for the purposes of the capacity auction.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) A proposal under subrule (1) must:
 - (a) be made within the time specified in the Capacity Transfer and Auction Procedures; and
 - (b) include information reasonably required by AEMO to assess the proposal in accordance with the Capacity Transfer and Auction Procedures.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (3) A transportation service provider for a Part 24 facility may from time to time propose and have approved, in accordance with the Capacity Transfer and Auction Procedure, changes to the matters referred to in subrule (1) including the addition or removal of specifications.

627 Allocation to zones

- (1) AEMO must determine the allocation of pipeline service points and compression service points to zones, applying the principles in rule 628.
- (2) The Capacity Transfer and Auction Procedures must set out the arrangements for AEMO to assess, consult on and determine the proposed composition of zones. The arrangements must include provisions with respect to:
 - (a) the information required to be provided by transportation service providers in connection with the assessment;
 - (b) the time frame and process for AEMO to consult on and assess the proposal, which may allow for extensions of time in reasonable circumstances;
 - (c) an expedited process for AEMO to consult on and assess a proposal in circumstances where:
 - (i) AEMO considers the matter is not likely to have an adverse impact on transportation facility users; or
 - (ii) the matter is of a minor or administrative nature;
 - (d) a proposal for a change to be made by transportation service providers or any other person (including AEMO);
 - (e) arrangements to maintain the confidentiality of confidential or commercially sensitive information provided to AEMO for the assessment process; and

- (f) the time at which any change takes effect and the matters to be taken into account for that purpose, including the impact on transactions occurring before the decision about the change is made and on the gas trading exchange.
- (3) A transportation service provider for a Part 24 facility must, in accordance with the arrangements for assessment of zones in the Capacity Transfer and Auction Procedures and within the time specified in those Procedures:
 - (a) provide information reasonably required by AEMO for modelling and assessment of a proposed zone; and
 - (b) undertake modelling and an assessment of a proposed zone and provide the results to AEMO, together with information reasonably required by AEMO to analyse the model and the results, including assumptions, inputs, pipeline configuration and methodology.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

628 Principles for determining zones

- (1) Pipeline service points for forward haul services must be allocated to pipeline zones in accordance with the following principles:
 - (a) a zone may consist of one pipeline service point;
 - (b) two or more pipeline service points may be grouped in a zone when to do so seems reasonably likely to promote efficient trade in and use of transportation capacity;
 - (c) in determining a grouping as provided for in paragraph (b), AEMO may have regard to any matter relevant to that determination including:
 - (i) the impact of the proposed grouping on trade in products offered through the gas trading exchange or the capacity auction including the impact on demand or liquidity; and
 - (ii) the ability for transportation capacity to be transferred under the proposed grouping between pipeline service points within the zone, whether over time or at particular times or in particular conditions;
 - (d) pipeline service points used for delivery of gas and receipt of gas must be grouped into zones within their respective categories;
 - (e) a pipeline service point cannot be in more than one pipeline delivery zone or pipeline receipt zone (but if the point is used both for delivery and receipt, may be in both a pipeline delivery zone and a pipeline receipt zone); and
 - (f) a pipeline service point can be in both a pipeline delivery zone and a pipeline receipt zone where the pipeline is bidirectional.

- (2) Compression service points must be allocated to compression zones in accordance with the following principles:
 - (a) a compression zone may consist of one compression service point;
 - (b) two or more compression service points may be grouped in a zone when to do so seems reasonably likely to promote efficient trade in and use of transportation capacity;
 - (c) in determining a grouping as provided for in paragraph (b), AEMO may have regard to any matter relevant to that determination including:
 - (i) the impact of the proposed grouping on trade in products offered through the gas trading exchange or the capacity auction including on demand or liquidity; and
 - (ii) the ability for transportation capacity under the proposed grouping to be transferred between compression service points within the compression zone, whether over time or at particular times or in particular conditions; and
 - (d) compression service points used for delivery of gas and receipt of gas must be grouped into compression zones within their respective categories; and
 - (e) a compression point cannot be in more than one compression delivery zone or compression receipt zone.
- (3) In assessing the ability for transportation capacity to be transferred between service points within a zone, AEMO may assume the relevant transportation service provider operates the service points in accordance with the transportation service provider's usual operating practices and that those practices are not required to be adjusted by reason only that the service point is in a zone comprising one or more service points.

629 Transportation service point register and information about zones

- (1) The service points, pipeline segments and zones must be specified in a register maintained by AEMO under the Capacity Transfer and Auction Procedures (the **transportation service point register**).
- (2) AEMO must, in accordance with the Capacity Transfer and Auction Procedures, publish for each zone information about the ability to transfer capacity between service points within the zone, whether over time, at particular times or in particular conditions, which may take the form of:
 - (a) modelling undertaken by AEMO or the transportation service provider for the assessment process; or
 - (b) historical data.

630 Interface with the STTM and the DWGM

- (1) The transportation service point register must specify for each pipeline service point and zone if it is:
 - (a) a service point or zone at which the receipt or delivery of gas is subject to the declared wholesale gas market under Part 19 (a **DWGM interface point**); or
 - (b) a service point or zone at which the receipt or delivery of gas is subject to the short term trading market under Part 20 (an **STTM interface point**).
- (2) The Capacity Transfer and Auction Procedures must provide for the arrangements under which a sale of transportation capacity through the capacity auction or the gas trading exchange at a DWGM interface point will be, or will be taken to have been, notified to AEMO and where necessary, confirmed, approved or accepted by AEMO or any other person, for the purposes of Part 19.
- (3) The Capacity Transfer and Auction Procedures must provide for the arrangements under which a sale through the gas trading exchange of transportation capacity at an STTM interface point will be notified, or will be taken to have been notified, to AEMO and where necessary, confirmed, approved or accepted by AEMO or any other person for the purposes of Part 20.

Note:

Capacity at an STTM interface point purchased in the capacity auction will not result in change to registered facility services or trading rights. The buyer may submit an MSV in relation to its use of the capacity.

Division 5 Obligations of transportation service providers relating to standard operational agreements

Subdivision 5.1 Publication of standard operational agreements

631 Obligation to publish

- (1) The transportation service provider for a Part 24 facility must publish a standard operational agreement for the Part 24 facility in accordance with the *NGL* and must do so no later than the date falling 40 business days after the application date for the Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note to draft:

Refer to section 228 of the draft Bill for amendments to the *NGL* for the obligation to publish standard operational agreements.

- (2) Where a transportation service provider becomes aware that a standard operational agreement required to be published by it does not comply with the requirements of the rules or the Code, the transportation service provider must publish a revised

standard operational agreement that does comply as soon as practicable after the transportation service provider becomes aware of the non-compliance.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (3) A transportation service provider for a transportation facility must notify the AER without delay upon publication of a standard operational agreement or an amended standard operational agreement for the transportation facility.

632 Content of standard operational agreements

- (1) A standard operational agreement for a transportation facility must:
 - (a) incorporate the standard terms in the Code with no alterations, other than permitted alterations or required alterations;
 - (b) incorporate facility specific terms applicable to the transportation facility made by the transportation service provider in accordance with subrule (2); and
 - (c) not incorporate any other terms or conditions except as permitted or required by the rules or the Code.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (2) The transportation service provider for a transportation facility must ensure that the facility specific terms for a transportation facility:
 - (a) are consistent with the Code objective and the rules;
 - (b) give effect to the description of, and requirements for, facility specific terms in the Code;
 - (c) give effect to the auction service priority principles; and
 - (d) do not alter or vary the standard terms except to the extent:
 - (i) permitted by the rules or the Code; or
 - (ii) required to ensure the transportation service provider does not breach any Australian statutory obligation binding upon the transportation service provider.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (3) The transportation service provider for a transportation facility must ensure that any charges specified by or determined in accordance with facility specific terms for the recovery of standardisation costs are consistent with the cost recovery principles in rule 634.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (4) A standard operational agreement published under this Part must include the date of publication, the date to which the standard operational agreement is current and, if the standard operational agreement replaces an earlier version, notice of that fact.

633 Amendments to standard operational agreements

- (1) A transportation service provider may amend a standard operational agreement for its transportation facility, subject to rule 632.
- (2) A transportation service provider must amend a standard operational agreement for its transportation facility to make required amendments by the date specified for that required amendment or as otherwise required by the rules.
- (3) If a transportation service provider amends a standard operational agreement for a transportation facility, it must as soon as practicable publish the new standard operational agreement.
- (4) When a transportation service provider publishes a new version of a standard operational agreement, it must:
 - (a) at the same time publish a version showing the amendments made to the old version; and
 - (b) continue to publish each old version for a period of 3 years after the version was replaced.
- (5) If a transportation service provider amends a standard operational agreement for a transportation facility, to the extent that any amendment is not automatically incorporated in the terms and conditions for the provision and use of a standard operational transportation service provided under an agreement entered into before the amendment is made, the transportation service provider must on request by the other party to the agreement, offer to amend the agreement to incorporate the amendment.

634 Recovery of standardisation costs

- (1) The **standardisation costs** of a transportation service provider are the reasonable costs the transportation service provider incurs in establishing and maintaining the following arrangements:
 - (a) standard operational agreements for its transportation facilities; and
 - (b) systems and processes to comply with its obligations under this Part and the Capacity Transfer and Auction Procedures,to the extent that those costs are either incremental costs incurred exclusively in establishing and maintaining those arrangements or a proportionate share of any incremental costs reasonably attributable to establishing and maintaining those arrangements.
- (2) A transportation service provider should have a reasonable opportunity to recover its standardisation costs.
- (3) A transportation service provider must not recover standardisation costs more than once.
- (4) For the purposes of subrule (3), the amounts paid to a transportation service provider by AEMO on account of the proceeds of the capacity auction under Part 25 must be treated as a contribution to the recovery of standardisation costs, up to the amount of those costs.
- (5) The charges imposed by a transportation service provider to recover standardisation costs must:
 - (a) insofar as practicable, reflect the outcomes of a workably competitive market;
 - (b) allocate the standardisation costs among transportation facility users in a reasonable manner (whether under operational transportation service agreements or otherwise); and
 - (c) recover the standardisation costs over time in a manner that promotes efficient trade in, and utilisation of, transportation capacity.
- (6) A transportation service provider required to publish a standard operational agreement must also publish, at the same time it is required to publish the standard operational agreement, and keep up to date:
 - (a) a schedule of the charges under which it seeks to recover the standardisation costs, including charges under standard operational agreements and other agreements; and
 - (b) information in reasonable detail to explain how the standardisation costs were incurred, how amounts referred to in subrule (4) have been taken into account and how the charges in the schedule of charges have been calculated.

- (7) A transportation service provider required to publish a standard operational agreement must make a record of its standardisation costs and how they were incurred, and the charges imposed by the transportation service provider to recover the standardisation costs, and must maintain that record for a period of 7 years after the costs were incurred.

Note:

The GMRG proposes to recommend that subrules (2) to (7) be classified as civil penalty provisions.

Note:

The GMRG proposes to recommend that subrules (2) to (7) be classified as conduct provisions.

635 AER review of standard operational agreements

- (1) The AER may at any time, at the request of a transportation facility user or prospective secondary shipper or on its own initiative, review a standard operational agreement (including charges under a standard operational agreement) published by a transportation service provider.
- (2) Where a request for a review under subrule (1) is made, the AER must undertake an initial assessment of the request as soon as practicable and must within 20 business days notify the person making the request whether the AER:
 - (a) proposes to conduct a review; or
 - (b) does not propose to conduct a review, together with brief reasons.
- (3) If the AER is not satisfied that the standard operational agreement the subject of a review under subrule (1) complies with the rules and the Code, the AER may give a notice to the transportation service provider requiring the transportation service provider to prepare a new standard operational agreement for the transportation facility that does so comply and submit it to the AER for approval within the time specified by the AER in the notice, which must not be less than 10 business days.
- (4) A transportation service provider given a notice under subrule (3) must comply with the notice.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (5) The AER must only approve a new standard operational agreement submitted to it following a notice under subrule (3) if the AER is satisfied that the standard operational agreement complies with the rules and the Code.
- (6) If the AER approves a new standard operational agreement submitted to it following a notice under subrule (3), the transportation service provider must within 1 business day publish the agreement as a new version of its standard operational agreement for the transportation facility.

- (7) Nothing in this rule limits the powers of the AER under the *NGL* or the rules.

Subdivision 5.2 Entering into standard operational agreements

636 Requests for standard operational agreements

- (1) A transportation service provider for a transportation facility must publish the information referred to in subrule (2) for the transportation facility at the same time it is required to publish the standard operational agreement for the transportation facility under rule 631 and must keep the information up to date.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (2) The information referred to in subrule (1) comprises:
- (a) the identity of the transportation service provider for the transportation facility and, where there is more than one transportation service provider for the transportation facility, the transportation service provider responsible for dealing with requests for standard operational agreements;
 - (b) the *contact details* for an officer of the transportation service provider to whom a request for a standard operational agreement can be sent; and
 - (c) subject to subrule (3), the information to be included with a request to enter into a standard operational agreement.
- (3) The information to be included with a request for a standard operational agreement must be no more than is reasonably required to enable the transportation service provider to:
- (a) identify the prospective secondary shipper making the request;
 - (b) assess whether the person making the request is eligible under subrule (5); and
 - (c) make an offer to enter into the standard operational agreement.
- (4) If the information included with a request for a standard operational agreement is incomplete, the transportation service provider must within 5 business days inform the prospective secondary shipper, specifying the information required to be provided to complete the request.
- (5) To be eligible to be offered a standard operational agreement, a prospective secondary shipper must:
- (a) be resident in Australia or have a permanent establishment in Australia;

- (b) be incorporated or constituted under the Corporations Act or, if not, satisfy the transportation service provider (acting reasonably) that:
 - (i) it is duly incorporated; and
 - (ii) it has the legal capacity to enter into and perform the standard operational agreement;
- (c) not be an externally-administered body corporate (as defined in the Corporations Act) or under a similar form of administration under the laws of some other jurisdiction;
- (d) be capable of being sued in its own name in courts established under the laws of Australia; and
- (e) not enjoy any immunity from legal proceedings or legal process (including, but without limitation, any immunity from execution).

637 Offers for standard operational agreements

- (1) Subject to subrules (2) and (4), the transportation service provider for a transportation facility in receipt of a request for the standard operational agreement for the transportation facility from a prospective secondary shipper who is eligible to be offered the standard operational agreement must prepare and make an offer to enter into the agreement within the longer of:
 - (a) 5 business days after receiving the request or, if applicable, the information requested pursuant to subrule 636(4); or
 - (b) any period agreed by the prospective secondary shipper and the transportation service provider.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) If a request for a standard operational agreement under subrule (1) is made:
 - (a) before the date on which the transportation service provider is required to publish the relevant standard operational agreement under rule 631, the offer must be made as soon as practical after the standard operational agreement is first published and in any event within 5 business days of that date; or
 - (b) under the exemption condition referred to in rule 611(6), the offer must be made within the time provided for in that exemption condition.
- (3) An offer under subrule (1) to enter into a standard operational agreement must be in a form capable of acceptance by the prospective secondary shipper so as to constitute a new agreement in the form of the standard operational agreement between the transportation service provider and the prospective secondary shipper.

- (4) For the purposes of section 228C(2) of the *NGL*, a transportation service provider may decline to make an offer to enter into a standard operational agreement under subrule 637(1) in relation to a transportation facility:
 - (a) where the request is made by a person who is not eligible under subrule 636(5);
 - (b) where the request has been withdrawn; or
 - (c) where:
 - (i) the transportation service provider and the person making the request have previously entered into an operational transportation service agreement; and
 - (ii) the transportation service provider has suspended or terminated the rights of the person under that agreement due to the person's failure to comply with the terms of that agreement; and
 - (iii) the matter that gave rise to the termination or suspension has not been rectified or otherwise been resolved to the reasonable satisfaction of the transportation service provider.
- (5) If a transportation service provider declines to make an offer for a standard operational agreement with a prospective secondary shipper on a ground set out in subrule (4), it must notify the prospective secondary shipper within 14 days of receipt of the request to which it relates.
- (6) If a transportation service provider declines to make an offer for a standard operational agreement with a prospective secondary shipper on the ground set out in paragraph (c) of subrule (4), the prospective secondary shipper may refer the matter to the AER who may reverse the transportation service provider's determination if the AER considers it was not made on a reasonable basis.
- (7) If the transportation service provider's determination is reversed by the AER, the transportation service provider may not rely on paragraph (c) of subrule (4) as the basis for declining to make an offer to enter into a standard operational agreement in response to the request made by the prospective secondary shipper.

Division 6 Other transportation service provider obligations

638 Giving effect to operational transfers

- (1) Subject to subrule (2), a transportation service provider must give effect to an operational transfer of transportation capacity:
 - (a) notified by AEMO under the Capacity Transfer and Auction Procedures, in the case of a sale or purchase of transportation capacity concluded through the gas trading exchange; or

- (b) notified by the parties to the transaction, in the case of a transaction for the sale or purchase of transportation capacity concluded by other means.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (2) The obligation under subrule (1) is subject to:
 - (a) any applicable validation arrangements in the Capacity Transfer and Auction Procedures; and
 - (b) the terms and conditions of the applicable facility agreements.

639 Service continuity for primary service termination or suspension

- (1) Subject to subrule (3), a transportation service provider must give effect to an operational transfer of transportation capacity, and must continue to provide the transportation services the subject of that operational transfer, in the circumstances referred to in subrule (2), during the period ending on the earlier of:
 - (a) the end of the service term applicable to the transportation capacity purchased through the gas trading exchange; and
 - (b) 14 days after the transportation service provider notifies the termination referred to in subrule (2)(b) to AEMO under the Capacity Transfer and Auction Procedures.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (2) The circumstances referred to in subrule (1) are where both:
 - (a) the transportation facility user who holds the transportation capacity purchased the transportation capacity through the gas trading exchange; and
 - (b) the primary facility agreement from which that transportation capacity is first derived has been terminated by the transportation service provider.
- (3) The obligations of the transportation service provider under subrule (1) are subject to the transportation service provider having a right to receive a payment for use of the transportation capacity determined in accordance with the methodology made by AEMO under rule 536A and payable in accordance with the Capacity Transfer and Auction Procedures.
- (4) A transportation service provider must give effect to an operational transfer of transportation capacity purchased through the gas trading exchange and must

continue to provide the transportation services the subject of that operational transfer in circumstances where the right to use the transportation capacity under the primary facility agreement from which the transportation capacity is first derived has been suspended.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (5) Nothing in this rule is intended to prevent a transportation service provider exercising its rights in respect of a breach of an operational transportation services agreement.

640 Amendment of facility agreements

- (1) A transportation service provider must, within 30 days of a request made by a transportation facility user in respect of its facility agreement, give the transportation facility user an amending agreement that complies with subrule (2).

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (2) An amending agreement must:
 - (a) make amendments to the facility agreement to enable the transportation facility user to sell transportation capacity the subject of the facility agreement for use under an operational transportation service agreement; and
 - (b) give effect to the principles in rule 642.
- (3) If a transportation service provider receives a request in accordance with subrule (1), the transportation service provider and the transportation facility user must negotiate in good faith for the purposes of agreeing the terms of the amending agreement.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (4) Once the terms of the amending agreement have been agreed the transportation service provider and shipper must execute the amending agreement as soon as is reasonably practicable.

641 New facility agreements

- (1) A facility agreement entered into after the Part 24 commencement date must include provisions that enable the transportation facility user to sell transportation capacity the subject of the facility agreement for use under an operational transportation service agreement.
- (2) The provisions in a facility agreement referred to in subrule (1) must give effect to the principles in rule 642.

642 Principles for terms to facilitate sale by operational transfer

- (1) Provisions in a facility agreement that enable the transportation facility user to sell transportation capacity the subject of the facility agreement for use under an operational transportation service agreement must give effect to the principles in subrule (2).
- (2) The principles referred to in subrule (1) are:
 - (a) the provisions must enable the sale of transportation capacity by means of an operational transfer including, where necessary, by allowing 1 or more transportation services provided as a single transportation service under the facility agreement to be sold as a separate transportation service;
 - (b) the provisions must enable the sale to take place through the gas trading exchange or through negotiations between the transportation facility user and the person buying the transportation capacity;
 - (c) the provisions must enable a sale that takes place through negotiation to include a transfer of hourly entitlements, imbalance entitlements and other contractual entitlements to use the transportation capacity or use it in a given way, to the extent that transfer can occur in a manner consistent with the operational and technical requirements necessary for the safe and reliable operation of the transportation facility;
 - (d) any provisions regulating the transportation service provider's obligation to give effect to the operational transfer must be reasonable having regard to:
 - (i) the operational and technical requirements necessary for the safe and reliable operation of the transportation facility; and
 - (ii) the need to ensure an operational transfer is effected in a workable manner and consistently with the other provisions of the facility agreement;
 - (e) the transportation facility user must not be made liable for:
 - (i) any use by another person of the transportation capacity the subject of the operational transfer; or

- (ii) any act or omission of another person which relates to the transportation capacity the subject of the operational transfer; and
 - (f) no indemnity or equivalent provision (as assessed by reference to the substantive effect of the provision) may be sought from a transportation facility user on account of any sale by the transportation facility user of transportation capacity by means of an operational transfer.
- (3) Notwithstanding anything to the contrary in subrule (2):
- (a) in the case of a transaction for the sale or purchase of transportation capacity concluded through the gas trading exchange, the transportation service provider may decline to give effect to the operational transfer in relation to the transportation facility user in the circumstances permitted by the Capacity Transfer and Auction Procedures;
 - (b) provisions in a facility agreement may suspend the obligation of the transportation service provider to give effect to an operational transfer during any period in which the transportation facility user is:
 - (i) in breach of the facility agreement; or
 - (ii) subject to liquidation, receivership, administration or any similar event as defined in the facility agreement;
 - (c) a primary shipper may be required to continue to pay any fixed charges related to reservation of transportation capacity under its primary facility agreement and irrespective of the fact that some of that transportation capacity has been the subject of an operational transfer;
 - (d) there is no requirement that a primary shipper be entitled to reduce the quantum of credit support it provides under its primary facility agreement for the period of an operational transfer; and
 - (e) to the extent a primary shipper is required under its primary facility agreement to pay a variable charge based on the quantity of a transportation service it uses on a day, then subject to subrule (4), in respect of any transportation capacity sold by means of an operational transfer, the primary shipper may be required to pay the transportation service provider the variable charge which would have been payable had the primary shipper used the entire amount of that transportation capacity on each day of the operational transfer.
- (4) Subrule (3)(e) does not permit a transportation service provider to recoup the same charge from a primary shipper and another person.

643 Changes to pipeline service points

- (1) A transportation facility user is taken to have a right under a facility agreement to which it is a party to request, from time to time, the use of an additional pipeline service point in accordance with and subject to this rule.

- (2) This rule applies in addition to any other rights under an agreement to request use of an additional pipeline service point, which other right will be treated as a separate contractual entitlement (which the transportation facility user may at its option exercise) to request use of an additional pipeline service point.
- (3) A transportation facility user may from time to time by notice to the transportation service provider under the facility agreement request use of an additional pipeline service point and request that transportation capacity it has reserved at another pipeline service point be transferred to the additional pipeline service point.
- (4) A transportation service provider in receipt of a request under subrule (3) must notify the transportation facility user as soon as practicable if it requires any additional information to process the request and the transportation facility user must, as soon as practicable, provide the additional information to the transportation service provider.
- (5) A transportation service provider in receipt of a request under subrule (3) must not unreasonably withhold or delay consent to the request or give consent on unreasonable conditions, having regard to:
 - (a) the operational and technical requirements necessary for the safe and reliable operation of the pipeline;
 - (b) whether giving consent may reduce the revenue received by the transportation service provider from the transportation facility user or any other person; and
 - (c) the time required to give effect to the requested change.
- (6) A transportation service provider may make its consent conditional on obtaining the consent of a third party but only:
 - (a) where the transportation service provider would be in breach of contract if it gave effect to the request without the consent of the third party; and
 - (b) if the third party is another transportation facility user or an associate of another transportation facility user, the requirement to obtain that person's consent arises under a contractual provision entered into before 3 January 2018.
- (7) If consent is conditional on the transportation service provider obtaining the consent of a third party as contemplated by subrule (6), the transportation service provider must use reasonable endeavours to obtain that consent. This subrule does not require the transportation service provider to pay an amount to the third party or otherwise waive or compromise any entitlement of the transportation service provider.
- (8) For the purposes of this rule, conditions which the transportation service provider may impose as a condition of giving consent to the request include:

- (a) a condition relating to the temperature, pressure and hourly and daily constraint requirements at the delivery point or receipt point;
 - (b) a condition giving priority to any transportation facility user who has reserved capacity at the pipeline service point but only where the transportation service provider would be in breach of its contractual arrangements with the transportation facility user if it did not impose such conditions;
 - (c) a condition that the transportation facility user pay an additional charge reflecting any additional tariff applicable to the transportation of natural gas over a greater distance (provided that charge is reflective of the tariffs applicable to the transportation facility);
 - (d) where the transportation service provider is required to provide a rebate to other transportation facility users on account of new transportation facility users using the pipeline service point, a condition that that the transportation facility user pay an amount to the transportation service provider equal to the amount of the rebate payable on account of the transportation facility user's use of the pipeline service point;
 - (e) a condition that the transportation facility user reimburse the transportation service provider its reasonable costs of giving effect to the requested change; and
 - (f) a condition that the transportation facility user become a party to the allocation arrangements applicable at the pipeline service point.
- (9) The transportation service provider must provide information reasonably required by the transportation facility user to understand the additional charges that will be payable by the transportation facility user for use of the additional pipeline service point and must provide any other information in respect of the implications of use of the additional pipeline service point reasonably requested by the transportation facility user.
- (10) Within 5 business days of receipt of a request from the transportation facility user and provision to the transportation service provider of any information requested by the transportation service provider under subrule (4), the transportation service provider must notify the transportation facility user that it:
- (a) accepts the request and, if so, any conditions of the acceptance and the reasons for those conditions;
 - (b) does not accept the request and the reasons why the request is not accepted; or
 - (c) on a reasonable basis needs additional time to consider the request and undertake the necessary modelling, in which case:
 - (i) the transportation service provider must give reasons why the additional time is needed and must state the costs of undertaking the modelling, which must be reasonable; and

- (ii) the additional time must not exceed 20 business days.
- (11) If the transportation service provider notifies the transportation facility user under subrule (10) that it needs additional time to consider a request the transportation facility user may:
 - (a) withdraw the request; or
 - (b) instruct the transportation service provider to proceed to consider the request further and undertake any necessary modelling, in which case the transportation facility user must (in accordance with the transportation service provider's reasonable requirements) reimburse the transportation service provider the reasonable costs of that modelling as notified to the transportation facility user under subrule (10)(c).
- (12) If the transportation service provider is instructed to consider the request further it must do so and within 20 business days from that instruction the transportation service provider must notify the transportation facility user that it:
 - (a) accepts the request and, if so, it must notify the transportation facility user of any conditions of the acceptance and the reasons for those conditions; or
 - (b) does not accept the request and, if so, it must notify the transportation facility user of the reasons why the request is not accepted.
- (13) A transportation facility user in receipt of a notice under subrule (12) may withdraw its request.
- (14) Nothing in this rule requires a transportation service provider to make capital improvements at a pipeline service point.

Part 25 Capacity Auction

Division 1 Preliminary

645 Objective

The objective of the capacity auction established under this Part is to improve the efficiency with which transportation capacity is allocated and foster the development of a more liquid secondary market for transportation capacity.

646 This Part

- (1) This Part is arranged as follows:
 - (a) Division 1 deals with preliminary matters;
 - (b) Division 2 provides for the establishment and operation of the capacity auction and participation in the capacity auction;
 - (c) Division 3 sets out the market conduct rules and obligations in relation to nominations and renominations; and
 - (d) Division 4 provides for settlement of auction revenues payable to facility operators.
- (2) This Part does not apply in Western Australia until the day an order made under section 7A of the National Gas Access (WA) Act 2009 of Western Australia in relation to the National Gas (South Australia) (Capacity Trading and Auctions) Amendment Act 2018 of South Australia is published in the Western Australian Government Gazette or, if a later day is specified in the order, on that day.

647 Definitions and interpretation

- (1) Terms used in this Part that are defined in Part 24 and not otherwise defined in this Part or the *NGL* have the meaning given in Part 24.

- (2) In this Part:

auction agreement means an agreement in the form of the auction agreement made by AEMO in accordance with this Part and set out in the Auction Procedures.

auction amount means any amount payable by or to AEMO under this Part or an auction agreement including auction fees.

auction capacity means, for a gas day, the quantity of transportation capacity available to be allocated in the capacity auction for that gas day, whether or not that transportation capacity was acquired and whether or not persons acquiring that transportation capacity nominated to use it, and determined by reference to the auction quantity limits for the gas day.

auction facility means a transportation facility other than an exempt transportation facility.

Note:

Exempt transportation facility is defined in Part 24.

auction fees is defined in rule 659(1).

auction information standard is defined in rule 649.

auction MDQ means, for an auction product and a gas day, the quantity of transportation capacity represented by that auction product and allocated in the capacity auction for the gas day.

auction participant means a party to an auction agreement other than AEMO.

Auction Procedures means that part of the Capacity Transfer and Auction Procedures designated by AEMO in the Procedures as the Auction Procedures.

auction product means transportation capacity for the use of an auction service provided by means of an auction facility at an auction service point and in respect of which a bid may be submitted in the capacity auction.

auction quantity limits for an auction service, auction facility and gas day are determined under the Auction Procedures applying the principles in rule 653.

auction service means each of the transportation services listed in rule 650, which for the purposes of this Part and the Auction Procedures is in each case taken to be provided in respect of an auction facility on the terms and conditions of the standard operational agreement for the auction facility.

auction service point means, as applicable to the auction service, a backhaul service point, a pipeline service point or a compression service point.

auction service priority principles means the principles in rule 651.

backhaul auction service is defined in rule 650(1).

backhaul auction quantity has the meaning given in rule 653(8).

backhaul delivery point means a pipeline service point when it is used as a delivery point for a backhaul service.

backhaul receipt point means a pipeline service point when it is used as a receipt point for a backhaul service.

backhaul service means a pipeline service provided by means of a single direction pipeline pursuant to which the direction of service is opposite to the actual physical flow of natural gas in the pipeline. If a transportation service falls within the definition of backhaul service it is not a firm forward haul service.

backhaul service point means a backhaul receipt point or a backhaul delivery point.

capacity auction means the capacity auction established and operated by AEMO in accordance with this Part.

compression auction service has the meaning given in rule 650(1).

compression point unused capacity has the meaning given in rule 653(6).

compression zone limit has the meaning given in rule 653(6).

contracted capacity means for a:

- (a) pipeline service point for a gas day, the transportation capacity at the pipeline service point reserved for use for that gas day by:
 - (i) firm forward haul services; and
 - (ii) where firm backhaul services are provided in respect of the pipeline service point, firm backhaul services; and

Note:

A pipeline service point may be a receipt point for both a firm forward haul and a firm backhaul service. Under paragraph (a), where that occurs, the contracted capacity is the total of those two quantities.

- (b) compression service point for a gas day, the transportation capacity at the compression service point reserved for use for that gas day by firm compression services.

contracted pipeline segment capacity means for a gas day and a pipeline segment, the transportation capacity in the pipeline segment reserved for use by firm forward haul services.

contracted zonal capacity means for a:

- (a) pipeline zone for a gas day, the sum of the contracted capacity at all pipeline service points in the zone; and
- (b) compression zone for a gas day, the sum of the contracted capacity at all compression service points in the zone.

default interest rate has the meaning in rule 3.

delivery point means a pipeline service point when it is used for delivery (that is, withdrawal) of natural gas from a pipeline.

facility operator means a transportation service provider for an auction facility.

firm, in relation to a transportation service and a gas day, means that:

- (a) transportation capacity for use of the transportation service on the gas day is reserved capacity (to avoid doubt, as defined in Part 24);
- (b) in normal operating conditions, nominations made by another transportation facility user for use of that or any other transportation service do not impact the quantity of reserved capacity or the scheduling of a nomination for use of the reserved capacity; and
- (c) a nomination made before the nomination cut-off time for use of the transportation service on the gas day up to the quantity of reserved capacity will, in normal operating conditions, be scheduled and not curtailed,

and the terms “**firm forward haul service**”, “**firm backhaul service**”, “**firm compression service**” and “**firm park service**” refer to a forward haul service, backhaul service, compression service and park service respectively that is firm as provided for in this definition.

Auction services and services that allow a firm service user to nominate or use a quantity of a firm transportation service in excess of the reserved capacity (such as an authorised overrun service) are not firm within the meaning of this definition.

Note to draft:

Schedule 5 (the transitional rules) provide for “grandfathered” services to be treated as firm for the purposes of this definition.

forward haul auction service has the meaning given in rule 650(1).

lower tier service means any transportation service other than an auction service, a firm forward haul service, a firm backhaul service, a firm compression service or a firm park service. Examples of lower tier services include transportation services:

- (a) described in the natural gas industry as “interruptible”, “as available” or “authorised overrun” (or services equivalent in nature to such services);
- (b) where the transportation service provider has no obligation to accept a nomination for the service; or
- (c) which are only scheduled if transportation capacity remains after day-ahead nominations for reserved capacity by the holders of rights to that reserved capacity have been met.

market conduct and nomination rules means Subdivision 3.1 of Division 3 of this Part.

nomination and scheduling records has the meaning given in rule 665.

nominated service agreement means, for an auction participant, the operational transportation service agreement nominated by the auction participant under the Auction Procedures and which specifies the terms and conditions applicable to the use by the auction participant of auction MDQ.

operational capacity has the meaning given in rule 647(3).

park service means a transportation service under which a given quantity of transportation capacity in a pipeline is made available for use as a storage service and which may also permit a transportation facility user to loan natural gas from the pipeline.

physical capacity means for a pipeline service point and a gas day, the lesser of:

- (a) the nameplate rating for the pipeline service point; and
- (b) operational capacity of the pipeline service point for the gas day.

pipeline segment means each pipeline segment specified in the transportation service point register.

pipeline segment forward haul limit has the meaning given in rule 653(4).

pipeline zone forward haul limit has the meaning given in rule 653(4).

receipt point means a pipeline service point when it is used for receipt (i.e. injection) of natural gas into a pipeline.

renomination means a request made after the nomination cut-off time to vary a day-ahead nomination and includes a nomination in respect of a gas day made after the nomination cut-off time for the gas day.

scheduled priority flow means for a:

- (a) compression service point for a gas day, the scheduled quantity at the point for firm compression services for the gas day;
- (b) pipeline segment for a gas day, the scheduled quantity for firm forward haul services through the pipeline segment for the gas day; and
- (c) pipeline service point for a gas day, the scheduled quantity at the point:
 - (i) for firm forward haul services for the gas day; and
 - (ii) where firm backhaul services are provided in respect of the pipeline service point, firm backhaul services for the gas day; and

Note:

A pipeline service point may be a receipt point for both a firm forward haul and a firm backhaul service. Under paragraph (c), where that occurs, the scheduled priority flow is the total of the scheduled quantity for each service.

- (d) zone for a gas day, the sum of the scheduled priority flow at each service point in the zone for the gas day.

standard operational agreement means a standard operational agreement published in accordance with the *NGL* and Part 24.

unused capacity has the meaning given in rule 653(4).

- (3) In this Part, the term **operational capacity** means, for a gas day:
 - (a) for a pipeline, for each direction in which natural gas can be transported on the pipeline, the quantity of natural gas that can be transported through the pipeline on the gas day in that direction;
 - (b) for a pipeline segment, for each direction in which natural gas can be transported on the pipeline segment, the quantity of natural gas that can be transported through the pipeline segment on the gas day in that direction;
 - (c) for a receipt point on a pipeline, the quantity of natural gas that can be injected into the pipeline through the receipt point on the gas day;
 - (d) for a delivery point on a pipeline, the quantity of natural gas that can be withdrawn from the pipeline through the delivery point on the gas day;

- (e) for a compression service facility, the quantity of natural gas that can be compressed by the compression service facility on the gas day;
 - (f) for a compression receipt point, the quantity of natural gas that can be injected into the compression service facility through the compression receipt point on the gas day; and
 - (g) for a compression delivery point, the quantity of natural gas that can be withdrawn from the compression service facility through the compression delivery point on the gas day.
- (4) References in this Part to a time of day are to Australian Eastern Standard Time (and are not adjusted for daylight saving time in any jurisdiction).

648 Pipeline classification

- (1) For the purposes of this Part, each part of a pipeline is taken to have the same classification that it has under Part 24.

Note:

Refer to sections 18 and 19 of the *NGL*, rule 550 in Part 23 and rule 593 in Part 24.

- (2) For the purposes of this Part, a pipeline, or part of a pipeline, is classified as:
- (a) bidirectional, if the direction of the physical flow of natural gas on the pipeline (or part) is capable of being reversed under normal operating conditions through the operation of plant and equipment forming part of, or connected to, the pipeline; or
 - (b) single direction, if it is not a bidirectional.

649 Auction information standard

- (1) A person required by a provision of this Part to give information or data to AEMO or the AER, including information resulting from calculations, must:
- (a) prepare and submit that information or data;
 - (b) (if applicable) maintain any equipment from which that information or data is derived; and
 - (c) perform those calculations,
- in accordance with the auction information standard.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (2) The auction information standard means the practices, methods and acts that would reasonably be expected from an experienced and competent person engaged in the

operation or control of an auction facility of the applicable type acting with all due diligence, prudence and foresight and in compliance with all applicable legislation (including these rules), authorisations and industry codes of practice.

- (3) Where this Part requires a facility operator to update information or data provided to AEMO, the facility operator:
 - (a) must do so each time facts or circumstances arise that require the information or data to be updated; and
 - (b) must notify the updated information or data to AEMO as soon as practicable after the facility operator becomes aware of the facts or circumstances that require the information or data to be updated and within any applicable time frame specified in the Auction Procedures.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (4) AEMO is not required to verify the accuracy of information provided to it for the purposes of performing its functions under this Part, except as expressly provided in this Part or the Auction Procedures.

Division 2 Capacity auction

Subdivision 2.1 Auction scope and design

650 Auction services

- (1) Auction services must be specified in the Operational Transportation Service Code for the following transportation services, as applicable to the relevant auction facility:
 - (a) forward haul service (the **forward haul auction service**);
 - (b) backhaul service (the **backhaul auction service**); and
 - (c) compression service (the **compression auction service**).
- (2) The facility operator for an auction facility must ensure that terms and conditions for use of an auction service provided by means of the auction facility, and the scheduling process for the auction facility, give effect to the auction service priority principles in rule 651.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (3) The facility operator for an auction facility must ensure that the scheduling process for the auction facility does not result in a lower tier service being scheduled earlier in time than auction services such that they cease to be lower tier services.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

651 Auction service priority principles

- (1) Subject to subrule (2), the auction service priority principles are that:
- (a) in scheduling and curtailment:
 - (i) firm forward haul services, firm backhaul services and firm compression services will be given priority over auction services; and
 - (ii) auction services of the same type will be given equal priority;
 - (b) in scheduling the use of auction capacity, auction services will be given priority over lower tier services;
 - (c) if there is a renomination for use of a firm forward haul service, firm backhaul service or firm compression service, the scheduling of the renominated quantity will be met:
 - (i) first, from auction capacity that was not allocated in the capacity auction for that gas day;
 - (ii) second, by curtailing lower tier services to the extent the services are scheduled to use auction capacity; and
 - (iii) third, by curtailing forward haul auction services, backhaul auction services or compression auction services, as applicable to the auction facility;
 - (d) if there is a renomination for use of an auction service, the scheduling of the renominated quantity will be met:
 - (i) first, from auction capacity that was not allocated in the capacity auction for that gas day; and
 - (ii) second, by curtailing lower tier services to the extent the services are scheduled to use auction capacity; and
 - (e) if there is a capacity shortfall on a gas day, auction services will only be curtailed to meet any shortfall that remains after lower tier services have been curtailed to meet the capacity shortfall.
- (2) A facility operator is required to give effect to the principles in subrule (1) in respect of a gas day only to the extent it is operationally and technically feasible to do so on that gas day taking into account the operational circumstances (including operational constraints) impacting the auction facility on the gas day.

- (3) For the purposes of this rule, a **capacity shortfall** occurs where the operational capacity of an auction facility is insufficient to meet all nominated or scheduled use of the auction facility (as applicable) including, in the case of backhaul services, by reason of a reduction in the quantity of natural gas being transported in the opposite direction.

652 Capacity auction design principles

- (1) The capacity auction established by AEMO in accordance with rule 656 must give effect to the principles in this rule.
- (2) The capacity auction must be conducted each day for transportation capacity to be used on the gas day starting on the following day.
- (3) The capacity auction must be held in respect of:
 - (a) each auction facility that is then subject to the capacity auction, as provided for in rule 654;
 - (b) subject to paragraph (c), each auction service provided by the auction facilities referred to in paragraph (a), in both directions for a bidirectional pipeline (or part), and for the auction service points applicable to the auction services; and
 - (c) only those backhaul auction services in respect of auction service points that AEMO determines should be included in the capacity auction from time to time.
- (4) The transportation capacity allocated in the capacity auction in respect of an auction service provided by means of an auction facility for a gas day:
 - (a) must not exceed any of the auction quantity limits applicable to the auction facility for that auction service and gas day; and
 - (b) in the case of a bidirectional pipeline, must not change the scheduled direction of flow on a pipeline for that day.
- (5) The capacity auction for each gas day must take place in one round with a reserve price of zero.
- (6) The capacity auction must be conducted on a sealed bid basis (that is, bids submitted by an auction participant must not be visible to other auction participants while the auction is being conducted).
- (7) In relation to bidding in the capacity auction, the Auction Procedures must provide for:
 - (a) each auction participant to specify in its bid the combination of auction products that its bid relates to;

- (b) the submission of separate bids for different combinations of auction products; and
 - (c) each bid to comprise a single bid quantity (in GJ) and a single bid price (in \$/GJ and expressed to the number of decimal places provided for in the Auction Procedures) for the combination of auction products specified in the bid.
- (8) In relation to the allocation of capacity in the auction, the Auction Procedures must provide for:
 - (a) all winning bids to be determined simultaneously and for an auction participant to win none, one or more of its bids;
 - (b) the winning bids to be the combination of one or more bids that, subject to subrule (4):
 - (i) maximises the total capacity auction revenues at bid prices for the day; and
 - (ii) allocates to each winning auction participant the same quantity of transportation capacity for all auction products in the combination of auction products specified in its winning bid;
 - (c) the quantity of transportation capacity allocated to a particular winning bid to be any quantity between the bid quantity of the bid and zero;
 - (d) if there is more than one combination of winning bids, AEMO to employ a method of random selection to determine the winning allocation; and
 - (e) the lowest accepted bid for any particular auction product to be partially filled if necessary.
- (9) In relation to the determination of clearing prices, the Auction Procedures must provide for:
 - (a) the capacity auction to operate on a pay as cleared basis with all winners of a particular auction product to pay the same clearing price per GJ for that auction product;
 - (b) any auction product for which transportation capacity remains partially unsold in the capacity auction for a gas day to have a clearing price of \$0 per GJ for that gas day;
 - (c) the clearing price per GJ for all other auction products for a gas day to be determined jointly such that the lowest accepted bid sets the clearing price;
 - (d) the clearing price determined for each auction product to satisfy the following conditions:
 - (i) for any winning bid that is allocated a quantity of transportation capacity equal to its bid quantity, the sum of clearing prices of all

- auction products included in that bid must not exceed the bid price in that bid;
- (ii) for any winning bid that is allocated a quantity of transportation capacity greater than zero but less than the quantity in its bid, the sum of clearing prices of all auction products included in that bid must be equal to the bid price of that bid; and
 - (iii) for any bid that is not allocated any transportation capacity, the sum of the clearing prices of all auction products included in that bid must be no lower than the bid price of that bid.
- (10) In relation to the calculation of amounts payable by auction participants, the Auction Procedures must provide for:
- (a) subject to paragraph (b), the auction participant to pay an amount for each auction product allocated to an auction participant in the capacity auction by reference to the auction MDQ and the clearing price for the auction product;
 - (b) if the auction MDQ for an auction product allocated to an auction participant in the capacity auction is curtailed, the amount payable for that auction product and others that formed part of the combination of auction products in the relevant winning bid to be determined by reference to the auction MDQ as curtailed and renominations for use of the auction products; and
 - (c) the payment of GST (as defined in the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth) by winning auction participants.
- (11) In relation to the calculation of amounts payable to facility operators, the Auction Procedures must provide for the proceeds of the capacity auction for a gas day (excluding taxes) to be paid to the facility operators for the auction facilities for which transportation capacity was sold in the capacity auction for that gas day, by reference to the amounts payable by the winning auction participants taking into account curtailment.
- (12) The Auction Procedures may require auction results to be treated as final and not subject to review or the payment of compensation in the event of error in the determination of auction results.

653 Auction quantity limits

- (1) AEMO must determine the auction quantity limits for each auction facility, or part of an auction facility, for each gas day in accordance with the Auction Procedures, where applicable using the auction information for the auction facility and gas day provided by the facility operator under the Auction Procedures.
- (2) All auction quantity limits and inputs into them are to be expressed in GJ per gas day.

- (3) The Auction Procedures must include the methodology for the calculation of auction quantity limits, which must give effect to the principles in subrules (4) to (8).
- (4) For each pipeline, the following auction quantity limits must be determined for each gas day, subject to subrule (7):
 - (a) **unused capacity** at each pipeline service point on the pipeline, which must be a measure of the physical capacity remaining after deducting the scheduled priority flow for the point for the gas day;
 - (b) the **pipeline zone forward haul limit** for each pipeline zone on the pipeline, which must be a measure of the contracted zonal capacity remaining in the zone after deducting the scheduled priority flow for the zone for the gas day; and
 - (c) the **pipeline segment forward haul limit** for each pipeline segment on the pipeline which must be a measure of the contracted pipeline segment capacity remaining after deducting the scheduled priority flow for the pipeline segment for the gas day.
- (5) For a pipeline (or part) that is bidirectional, the auction quantity limits for a gas day may be determined separately for each direction of service.
- (6) For each compression service facility, the following auction quantity limits must be determined for each gas day, subject to subrule (7):
 - (a) the **compression point unused capacity** determined for each of the compression receipt point and the compression delivery point, which must be a measure of the physical capacity remaining after deducting the priority flow at the point; and
 - (b) the **compression zone limit** for each of the compression receipt zone and the compression delivery zone for the compression service facility, which must be a measure of the contracted zonal capacity remaining in the zone after deducting the scheduled priority flow for the zone for the gas day.
- (7) The Auction Procedures must provide for:
 - (a) the pipeline zone forward haul limit and the compression zone limit to be capped by reference to the operational capacity at all points in the zone on the gas day; and
 - (b) the pipeline segment forward haul limit to be capped by reference to the operational capacity of the pipeline segment on the gas day.
- (8) For each pipeline (or part) for which the backhaul auction service is offered in the capacity auction, the auction quantity limit that must be determined for each gas day for the pipeline (or part) is the **backhaul auction quantity**. The backhaul auction quantity must be a measure of the maximum quantity of backhaul service

it is feasible to provide on the pipeline on the gas day, limited by the quantity of the scheduled net priority forward haul flow on the gas day.

Subdivision 2.2 Facility operator obligations in relation to the capacity auction

654 Application and information

- (1) An auction facility becomes subject to the capacity auction on the date falling 80 business days after the event occurs by reason of which it becomes an auction facility, such as the date on which the auction facility is commissioned or an exemption under Part 24 ceases to apply or expires.

Note to draft:

The transitional provisions in Schedule 5 deal with the date existing facilities become subject to the capacity auction.

- (2) A facility operator for an auction facility must, for each day on and from the date the auction facility becomes subject to the capacity auction, provide to AEMO in accordance with the Capacity Transfer and Auction Procedures the information specified in those Procedures for the purposes of this rule, including information required for determining:
 - (a) auction quantity limits; and
 - (b) amounts payable by auction participants, AEMO or facility operators in connection with the capacity auction.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

655 Giving effect to auction results

- (1) AEMO must notify the results of the capacity auction for a gas day to facility operators by the time and in the manner specified in the Auction Procedures, identifying, for each auction facility of the facility operator, the auction participants who have been allocated transportation capacity in the capacity auction for that auction facility and in respect of each, the points at which transportation capacity was allocated, the auction MDQ, the auction service it relates to and the nominated service agreement.
- (2) The facility operator must, if required to do so under the Auction Procedures, validate and confirm the receipt of auction results in accordance with the Procedures.
- (3) Subject to subrule (4), a facility operator must give effect to the results of the capacity auction notified to it by AEMO under subrule (1) by allowing the auction participant to use the auction service represented by the auction MDQ under its

nominated service agreement, subject to the terms and conditions for use of the auction service in the agreement (including terms as to curtailment).

Note:

The GMRG proposes to recommend that this rule be classified as a civil penalty provision.

- (4) The facility operator is not required to give effect to the results of the capacity auction for an auction participant if the auction participant's nominated service agreement has terminated.

Subdivision 2.3 Capacity auction establishment and participation

656 Establishment and operation of the capacity auction

- (1) AEMO must:
 - (a) establish, operate and administer the capacity auction in accordance with this Part and the Auction Procedures; and
 - (b) notify facility operators of the results of the capacity auction in accordance with this Part and the Auction Procedures.
- (2) AEMO may delay or cancel the capacity auction in respect of a gas day in the circumstances provided for in the Auction Procedures.
- (3) AEMO may suspend the participation of an auction facility or part of an auction facility in the capacity auction for a period specified by AEMO if AEMO believes it is not practicable to conduct the capacity auction with the auction facility (or part) or the capacity auction is unlikely to lead to the sale of an auction product in relation to that auction facility (or part).
- (4) If AEMO takes any action under subrule (2) then it must publish a notice specifying the action taken as soon as practicable after taking it.
- (5) AEMO must manage billing and settlement for auction amounts payable by or to:
 - (a) auction participants, in accordance with the Auction Procedures and auction agreements; and
 - (b) facility operators, in accordance with this Part and the Auction Procedures.
- (6) AEMO may nominate an electronic funds transfer facility for the purposes of paying auction amounts and if it does so, auction participants, facility operators and AEMO must use that facility for paying and receiving auction amounts.

657 Auction Procedures and auction agreement

- (1) The Auction Procedures must provide for the operation and administration of the capacity auction in accordance with this Part.

- (2) The Auction Procedures must include:
 - (a) the auction agreement and eligibility to enter into auction agreements;
 - (b) the specification of auction products or the manner in which that is determined;
 - (c) settlement calculations for the allocation of auction revenues to facility operators;
 - (d) a description of the information to be published by AEMO in relation to the capacity auction before and after it is held each day including auction results;
 - (e) the matters which this Part requires to be specified in the Auction Procedures; and
 - (f) any other matters necessary or convenient to deal with in the Auction Procedures.
- (3) The Auction Procedures may provide for access to information about auction quantity limits or auction results to be restricted, where necessary to protect against directly or indirectly disclosing a nomination made by a market generating unit as defined in the National Electricity Rules.
- (4) The Auction Procedures may specify conditions for participation of auction participants in the capacity auction from time to time (including during the course of bidding) which may include provisions precluding participation by:
 - (a) a person in relation to whom a default event or a suspension event (as provided for in the auction agreement) has occurred;
 - (b) a person who has failed to provide any or sufficient payment security; and
 - (c) a person who has previously defaulted on payment obligations under an auction agreement.
- (5) The standard form of auction agreement in the Auction Procedures must set out:
 - (a) provisions under which the auction participant agrees to comply with and be bound by the Auction Procedures;
 - (b) a requirement to provide payment security in respect of participation in the capacity auction including the form and amount of acceptable security and the circumstances in which AEMO may call on security provided;
 - (c) procedures and timing requirements for payment and settlement of auction amounts payable by auction participants;
 - (d) if the auction participant is also a member of the gas trading exchange established under Part 22, provision for:
 - (i) joint invoicing of auction amounts and amounts owed in relation to the gas trading exchange;

- (ii) the calculation of net settlement amounts payable by or to the auction participant taking into account auction amounts and amounts owed in relation to the gas trading exchange; and
 - (iii) provision for close out under the auction agreement if the auction participant is subject to close-out under the exchange agreement;
- (e) obligations of AEMO and the auction participant to maintain security and integrity of the capacity auction platform;
- (f) the process for the suspension or limitation of access to the capacity auction by an auction participant;
- (g) the events or circumstances that are default events or suspension events in respect of an auction participant and the steps AEMO may take in respect of any such event;
- (h) the process for termination of an auction agreement; and
- (i) the process for amendment of auction agreements when the standard form of auction agreement in the Auction Procedures is amended.

658 Suspension and termination of an auction participant

- (1) AEMO may, in accordance with an auction agreement or the Auction Procedures, suspend or limit the access of an auction participant to the capacity auction if:
 - (a) the auction participant ceases to satisfy the applicable criteria for participation in the capacity auction;
 - (b) a suspension event, as described in the auction agreement, occurs in relation to the auction participant; or
 - (c) AEMO is otherwise required or permitted to do so under the auction agreement or Auction Procedures.
- (2) AEMO may terminate the auction agreement of an auction participant if:
 - (a) a default event, as described in the auction agreement or Auction Procedures, occurs in relation to the auction participant and is not remedied within the period specified in the auction agreement; or
 - (b) the auction participant is also a gas trading exchange member, a default event as described in the exchange agreement occurs in relation to the auction participant and is not remedied within the time specified in the exchange agreement.
- (3) AEMO must terminate the auction agreement of an auction participant at its request made in accordance with the auction agreement, if AEMO is satisfied that the auction participant has met all of its obligations and has no contingent liabilities under the auction agreement.

- (4) If AEMO is entitled to terminate the auction agreement of an auction participant, AEMO may, instead of or in addition to termination and in accordance with the auction agreement:
 - (a) require the payment of amounts actually or contingently owed by that person;
 - (b) draw on and apply any payment security or collateral provided to AEMO by or in relation to that person; and
 - (c) do all other things permitted under the auction agreement to secure payment by, or reduce the potential liability of, that person in relation to the capacity auction.
- (5) If AEMO is entitled to terminate the auction agreement of an auction participant and the auction participant is also a gas trading exchange member, AEMO may, in the circumstances described in rule 538, in addition to termination of the auction agreement and in accordance with the exchange agreement, take the steps mentioned in rule 538(4).

659 Fees recoverable by AEMO

- (1) AEMO may charge fees (**auction fees**) relating to the establishment, operation and administration of the capacity auction payable by auction participants or categories of auction participant in accordance with an auction agreement.
- (2) Auction fees should be sufficient to cover any amount determined to be recoverable as auction fees under Part 15A as a contribution to capacity trading and auction costs (as defined in rule 135C).
- (3) AEMO must consult with auction participants on the structure, introduction and determination of auction fees.
- (4) Rules 135CA(4), 135CA(5) and 135CA(6) apply to auction fees as if references in those provisions to participant fees were to auction fees:

660 Auction amounts payable by auction participants

- (1) AEMO must determine, for each billing period, and in accordance with the Auction Procedures, the auction amount payable by each auction participant for the billing period.
- (2) Each auction participant must pay AEMO all auction amounts payable by the auction participant at the time and in the manner and otherwise in accordance with the auction agreement.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Division 3 Market conduct and nomination rules

Subdivision 3.1 Market conduct and nomination rules

661 General requirements

- (1) An auction participant must, in relation to its activities in connection with the capacity auction:
 - (a) comply with all applicable laws relevant to the performance of its obligations;
 - (b) not act fraudulently, dishonestly or in bad faith; and
 - (c) not engage in any conduct with the intent of distorting or manipulating prices (including reported prices) or the outcomes of the capacity auction or misleading any person.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

662 Conduct in relation to auctions

- (1) An auction participant must not submit offers to buy auction products through the capacity auction:
 - (a) if the auction participant knows, or ought to know that it will not be able to perform its obligations under a resulting transaction; or
 - (b) with the intention of defaulting in its performance.
- (2) An auction participant must not intentionally or recklessly default in the performance of its obligations under any transaction arising through the capacity auction.
- (3) An auction participant must not manipulate or attempt to manipulate the capacity auction.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

663 Nominations and renominations must not be false or misleading

- (1) A transportation facility user for an auction facility must not make a day-ahead nomination or a renomination that is false, misleading or likely to mislead.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) For the purposes of subrule (1), the making of a day-ahead nomination or renomination is deemed to represent to transportation service providers, other transportation facility users and auction participants that the day-ahead nomination or renomination will not be changed, unless the person making the day-ahead nomination or renomination becomes aware of a change in the material conditions and circumstances upon which the day-ahead nomination or renomination is based.
- (3) Without limiting subrule (1), a day-ahead nomination or renomination is deemed to be false or misleading if, at the time of making the day-ahead nomination or renomination the transportation facility user:
 - (a) does not have a genuine intention to use the quantity of transportation capacity for which the day-ahead nomination or renomination is made; or
 - (b) does not have a genuine intention to use no more than the quantity of transportation capacity for which the day-ahead nomination or renomination is made; or
 - (c) does not have a reasonable basis to make the representations made by reason of subrule (2).
- (4) In any proceeding in which a contravention of subrule (1) is alleged, in determining whether a transportation facility user made a day-ahead nomination or renomination that was false, misleading or likely to mislead, a court must have regard to the objective in rule 645.
- (5) A transportation facility user may be taken to have contravened subrule (1) notwithstanding that, after all the evidence has been considered, the false or misleading character of the day-ahead nomination or renomination is ascertainable only by inference from:
 - (a) other nominations made by the transportation facility user including in a regulated gas market or under a gas sales agreement or in relation to which the transportation facility user had substantial control or influence;
 - (b) other conduct (including any pattern of conduct), knowledge, belief or intention of the relevant transportation facility user;
 - (c) the conduct (including any pattern of conduct), knowledge, belief or intention of any other person;
 - (d) information published by AEMO or a transportation service provider or the relevant transportation facility user; or
 - (e) any other relevant circumstances.

Subdivision 3.2 Role of the AER

664 AER monitoring

- (1) The AER must monitor activity in the capacity auction, day-ahead nominations and renominations with a view to ensuring that auction participants and transportation facility users comply with the market conduct and nomination rules.
- (2) The AER may, in connection with its investigation of a person's compliance with the market conduct and nomination rules, request AEMO to suspend or limit the access of that person to the capacity auction if the AER considers that continued participation by that person may materially and adversely affect:
 - (a) the financial position of other auction participants or facility operators; or
 - (b) the integrity of the capacity auction.
- (3) AEMO must comply with a request by the AER under subrule (2).

Subdivision 3.3 Nomination, scheduling and rescheduling records

665 Facility operators to keep nomination and scheduling records

- (1) The facility operator for an auction facility must keep and maintain records of the following information (**nomination and scheduling records**) in relation to each of its auction facilities in the form specified in subrule (2):
 - (a) day-ahead nominations for use of the auction facility provided prior to the nomination cut-off time including quantity (in GJ/day) and the time the day-ahead nomination was made;
 - (b) renominations including quantity (in GJ/day) and the time the renomination was made; and
 - (c) the scheduled quantity for each transportation service provided by means of the auction facility (in GJ/day).

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) The nomination and scheduling records must be made and maintained in the manner specified in guidelines issued by the AER under subrule (3) such that they separately record the information for each:
 - (a) gas day;
 - (b) transportation facility user;
 - (c) auction facility; and
 - (d) transportation service.

- (3) The AER must develop, publish and maintain guidelines setting out the matters to be included in nomination and scheduling records and the manner in which the records are to be made and kept. The guidelines must be developed in accordance with the *standard consultative procedure*. The AER must publish the guidelines and may amend the guidelines from time to time.
- (4) Nomination and scheduling records must be maintained for a period of 7 years after the gas day to which the records relate.
- (5) The facility operator for an auction facility must give nomination and scheduling records to the AER on written request by the AER.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

666 Renomination records of transportation facility users

- (1) A transportation facility user for an auction facility who makes a material renomination for use on a gas day of a transportation service must make a contemporaneous record in relation to the renomination, which must include a brief, verifiable and specific reason for the renominations and a record of:
 - (a) the material conditions and circumstances giving rise to the renomination;
 - (b) the transportation facility user's reasons for making the renomination;
 - (c) the time at which the relevant event or other occurrence occurred; and
 - (d) the time at which the transportation facility user first became aware of the relevant event or other occurrence.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (2) For the purpose of subrule (1), a renomination is **material** if the renomination, either alone or when taken together with other renominations for the gas day (whether before or after the renomination) results in a variation to the quantity of the day-ahead nomination of more than 10%.
- (3) Records referred to in this rule must be maintained for a period of 7 years after the gas day to which the record relates.
- (4) A transportation facility user must provide to the AER, upon written request, in accordance with guidelines published by the AER, information to substantiate and verify the reason for a material renomination (including any record made under subrule (1)) as the AER may require from time to time.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (5) The guidelines referred to in subrule (4) must be developed in accordance with the *standard consultative procedure* and must include:
 - (a) the amount of detail to be included in the information provided to the AER; and
 - (b) procedures for handling claims by transportation facility users that information provided to the AER is confidential information.
- (6) The AER must publish the guidelines developed under subrule (5) and may amend the guidelines from time to time.

Division 4 Payment of capacity auction revenues

667 Billing period settlement amounts for facility operators

- (1) AEMO must determine the settlement amount for each facility operator for each billing period in accordance with subrule (2).
- (2) The **settlement amount** for a facility operator for a billing period equals the sum of the following amounts calculated by AEMO in accordance with the Auction Procedures:
 - (a) the amount payable by AEMO to the facility operator for each gas day in that billing period in respect of the capacity auction; plus
 - (b) any other amounts payable under this Part by AEMO to the facility operator in respect of that billing period or a prior billing period; less
 - (c) any other amount payable under this Part by the facility operator to AEMO in respect of that billing period or a prior billing period.

668 Final statements

- (1) By the 15th business day after the end of each billing period, AEMO must make available to each facility operator a final statement stating the settlement amount payable by or to that facility operator in respect of the relevant billing period.
- (2) AEMO must comply with any requirements in the Auction Procedures in respect of the preparation, content and issue of final statements.

669 Payments

- (1) The payment date for a billing period is the 20th business day after the end of the billing period or the second business day after receipt of final statements under rule 668, whichever is the later.
- (2) No later than 2:00 pm on the payment date for a billing period, AEMO must pay to each facility operator in cleared funds the settlement amount stated to be payable to that facility operator in that facility operator's final statement if at that time the

maximum total payment determined under rule 673 is not less than aggregate of those settlement amounts.

- (3) If the maximum total payment determined under rule 673 as at 2:00 pm on the payment date under subrule (1) is less than the aggregate of the settlement amounts stated to be payable to facility operators in final statements, AEMO must pay to each facility operator the reduced amount determined under rule 673 by 4:00 pm on the same date.
- (4) If AEMO receives payments in respect of amounts due from auction participants under auction agreements in the period between 2:00 pm on the payment date under subrule (1) and 2:00 pm on the second business day after that date, AEMO must, promptly after the end of that period, pay the sum of those payments received to those facility operators whose settlement amounts were reduced under subrule (3) in the proportions in which those amounts were reduced.
- (5) No later than 12 noon on the payment date under subrule (1) each facility operator must pay to AEMO in cleared funds the settlement amount stated to be payable to AEMO by the facility operator to AEMO in the facility operator's final statement.

Note:

The GMRG proposes to recommend that this subrule be classified as civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

670 Settlement queries and disputes

- (1) If a facility operator reasonably believes there to be an error or discrepancy in a final statement, the facility operator must notify AEMO of that error or discrepancy as soon as practicable, and AEMO must review the final statement.
- (2) If, after review, AEMO considers that a final statement contains an error or discrepancy, AEMO must notify all facility operators whose final statements will be affected by the error or discrepancy and make an adjustment to correct the error or discrepancy in the next final statement.
- (3) If subrule (2) does not apply, AEMO and the facility operator must each use reasonable endeavours to resolve the matter as soon as practicable.
- (4) Any disputes in respect of the settlement amount stated to be payable by AEMO or a facility operator in a final statement or a revised statement must be raised under Part 15C within 60 business days after the date on which AEMO made that statement available to the facility operator.

671 Revised statements

- (1) Subject to subrule (2), by the 2nd business day of the 4th billing period after each billing period, AEMO must make revised statements available to facility operators.
- (2) AEMO must only make revised statements available to facility operators if:
 - (a) an amount in a final statement or a revised statement has been the subject of a dispute and the dispute has been resolved in a way that causes the amount payable to differ from the amount payable in the disputed revised statement; or
 - (b) AEMO otherwise considers there is a reasonable need to do so.
- (3) Within 5 business days of a revision made in accordance with subrule (1), AEMO must make a revised statement for the relevant billing period available to each facility operator affected by that revision, setting out:
 - (a) the amount payable by the facility operator to AEMO or, subject to rule 673, the amount payable by AEMO to the facility operator; and
 - (b) the adjustment to the final statement as agreed or determined plus interest at the interest rate, calculated as simple interest on a daily basis, for the period commencing on the day after the payment date applicable to the final statement to which the adjustment relates and ending on the payment date applicable to the revised statement.

672 Payment of adjustments

- (1) AEMO must specify the date on which a payment of an adjustment under a revised statement is due, which must not be less than 10 business days after the date on which that revised statement is made available to the facility operator.
- (2) If the next final statement payment date occurs 10 business days or more after the revised statement is made available, AEMO must require payment of the adjustment under that revised statement to be made on that next final statement payment date.
- (3) If the next final statement payment date occurs less than 10 business days after revised statement is made available, AEMO must require payment of the adjustment under that revised statement to be made on the final statement payment date following the next final statement payment date.
- (4) No later than 12 noon on the payment date specified by AEMO under subrule (1), each facility operator must pay to AEMO in cleared funds the net amount stated to be payable by that facility operator in its revised statement.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

Note:

The GMRG proposes to recommend that this subrule be classified as a conduct provision.

- (5) No later than 2:00pm on the payment date under subrule (4), AEMO must pay to each facility operator in cleared funds the net amount stated to be payable to that facility operator in its revised statement, subject to rule 673 which applies, with necessary modifications, to payments by AEMO in respect of revised statements.

673 Maximum total payment in respect of a billing period

- (1) For the purposes of this Part, the **maximum total payment** by AEMO in respect of a billing period is equal to:
- (a) the aggregate of the auction amounts received by AEMO from auction participants (pursuant to auction agreements) and facility operators (under this Part) by 2:00 pm on the relevant payment date in respect of that billing period; plus
 - (b) if any auction participant is in default, the capacity auction proportion of the aggregate amount which AEMO is able to obtain by that time from the credit support provided by the auction participant under its auction agreement; less
 - (c) the aggregate amount of all auction fees received by AEMO pursuant to auction agreements.
- (2) For the purposes of subrule (1):
- (a) any payment received by AEMO from an auction participant in respect of the billing period is taken to be made, and may be applied by AEMO, in satisfaction of the auction fees payable to AEMO by that auction participant (as specified in a final settlement statement or invoice issued by AEMO to that auction participant) before it is applied by AEMO in satisfaction of any other obligation or liability; and
 - (b) the capacity auction proportion is calculated as:
 - (i) the amount owed by the auction participant under the auction agreement for the billing period; divided by
 - (ii) the sum of that amount and any amount owed by the auction participant under the exchange agreement for the billing period.
- (3) If the maximum total payment in respect of a billing period is not sufficient to meet the aggregate of amounts payable by AEMO to each of the facility operators to whom payments are to be made in respect of the billing period under this Part, any amount payable by AEMO to each relevant facility operator in respect of that billing period is reduced by applying the following formula:

$$AAP = SOP \times (A / B)$$

where:

- AAP is the reduced amount payable by AEMO to the relevant facility operator in respect of the relevant billing period;
- SOP is the net amount that would have been payable to the relevant facility operator for the relevant billing period but for the application of this rule;
- A is the maximum total payment in respect of a billing period; and
- B is the aggregate of the net amounts payable by AEMO to facility operators under this Part in respect of the billing period.

674 Interest on overdue amounts

- (1) A person required to pay AEMO an amount under this Part or an auction agreement must pay interest on any unpaid monies due and payable by it under this Part at the default interest rate, calculated as simple interest on a daily basis for the period commencing on the date payment was due and ending on the date payment is made.

Note:

The GMRG recommend this subrule be classified as a civil penalty provision.

Note:

The GMRG proposed to recommend this subrule be classified as a conduct provision.

- (2) AEMO must pay interest on any unpaid monies due and payable by it under this Part at the default interest rate, calculated as simple interest on a daily basis for the period commencing on the date payment was due and ending on the date payment is made.

675 Application of GST

- (1) All monetary amounts payable, determined, published or notified under or referred to in this Part (including auction fees) exclude GST.
- (2) A statement or invoice issued in relation to a taxable supply made under or in connection with this Part must include an amount on account of any GST in respect of that supply.
- (3) Terms defined in the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth have the same meaning when used in this rule.

Part 26 Standard market timetable

676 Application of this Part

- (1) This Part contains rules applicable to the definition and use of the standard market timetable.
- (2) This Part is made for section 83B of the *NGL*.
- (3) This Part does not apply in Western Australia until the day an order under section 7A of the National Gas Access (WA) Act 2009 of Western Australia in relation to the National Gas (South Australia) (Capacity Trading and Auctions) Amendment Act 2018 of South Australia is published in the Western Australian Government Gazette or, if a later day is specified in the order, on that day.

677 Definitions and interpretation

- (1) In this Part:

day-ahead nomination means a nomination given on a gas day about intended use of a service provided by means of a natural gas facility on the following gas day or any part of the following gas day.

facility operator means for:

- (a) a production facility: each producer, user or non scheme pipeline user who owns, operates or controls the production facility;
- (b) a gas storage facility: each storage provider for the gas storage facility; and
- (c) a transportation facility: each transportation service provider for the transportation facility.

Note to draft:

The following terms are (or will be) defined in the *NGL*: producer, user, non scheme pipeline user, storage provider, transportation facility, transportation service provider.

gas day means a period of 24 consecutive hours used for the nomination, scheduling and provision of services provided by means of a natural gas facility.

gas storage facility means a facility for storing natural gas for injection into a pipeline.

natural gas facility means a production facility, a transportation facility or a gas storage facility.

nomination means, according to the context:

- (a) information about a person's intended use of a service provided by means of a natural gas facility on one or more gas days or any part of a gas day; and
- (b) the process and timetable for the provision of the information in paragraph (a) to a facility operator.

nomination cut-off time means the time by which a day-ahead nomination for a gas day must be made in order to be used for scheduling for that gas day.

Part 24 facility has the meaning given in Part 24.

production facility means a facility at which natural gas is produced so that it is in a form suitable for injection into a pipeline.

publish, by a person, means to make publicly available on the person's website.

renomination means a request made after the nomination cut-off time to vary an earlier nomination for use of transportation capacity and includes a nomination made after the nomination cut-off time.

standard gas day is defined in rule 678(1).

standard nomination cut-off time is defined in rule 678(2).

- (2) A reference to a person's intended use of a service provided by means of a natural gas facility includes a reference to:
 - (a) the quantity of natural gas in respect of which the service will be used; and
 - (b) where applicable to the service, the points into or from which the person intends to inject or withdraw the natural gas the subject of the service.
- (3) References in this Part to a time of day are to Australian Eastern Standard Time (and are not adjusted for daylight saving time in any jurisdiction).

Note:

If this Part is adopted in WA, it is expected that the time zone reference will be adjusted accordingly.

- (4) For the purposes of this Part, each part of a pipeline is taken to have the same classification that it has under Part 24.

Note:

Refer to sections 18 and 19 of the *NGL*, rule 550 in Part 23 and rule 593 in Part 24.

678 Standard market timetable

- (1) The standard gas day is a gas day starting at 6:00 am.
- (2) The standard nomination cut-off time is 3:00 pm on the gas day immediately preceding the gas day to which the nomination relates.
- (3) Subject to subrule (5), a facility operator for a natural gas facility must implement the standard gas day for the nomination, scheduling and provision of services provided by means of the natural gas facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (4) Subject to subrule (5), a facility operator for a Part 24 facility must implement the standard nomination cut-off time for day-ahead nominations for services provided by means of the Part 24 facility.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (5) Nothing in subrule (3) or (4) prevents a facility operator:
- (a) providing for the nomination, scheduling and provision of a service provided by means of a natural gas facility over a period shorter than a standard gas day, where the period starts or ends at the same time as the standard gas day or at any time during the standard gas day;
 - (b) subject to the rules and the Capacity Transfer and Auction Procedures, extending the nomination cut-off time for a gas day where there is an unforeseen event (such as a system failure) or when otherwise required or permitted to do so under the rules or the Capacity Transfer and Auction Procedures;
 - (c) accepting or giving effect to a renomination; or
 - (d) rescheduling a service provided by means of a natural gas facility over the course of a gas day.

Note:

Section 2 of the *NGL* defines associate.

- (6) A facility operator for a natural gas facility must ensure that the equipment used for the measurement and recording of quantities of natural gas in the circumstances described in subrule (7) does so for:
- (a) each period corresponding to the standard gas day; or
 - (b) periods shorter than a standard gas day, where the first such period starts at the same time as the start of the standard gas day and the last such period ends at the end of the standard gas day.

Note:

The GMRG proposes to recommend that this subrule be classified as a civil penalty provision.

- (7) The circumstances referred to in subrule (6) are:
- (a) in the case of a natural gas facility other than a distribution pipeline, the measurement and recording of quantities of natural gas injected into or withdrawn from the natural gas facility or produced by the natural gas facility; and
 - (b) in the case of a distribution pipeline, the measurement and recording of quantities of natural gas injected into or withdrawn from the distribution pipeline, where that measurement and recording is done on an hourly or daily

basis (and not where the measurement and recording is done over periods longer than a day).

Note:

Paragraph (b) is intended to confine the operation of this rule to interval meters. The rule is not intended to extend to basic meters.

Schedule 5 Transitional provisions for the introduction of the capacity trading reforms

Part 1 Transitional arrangements for Part 15B

1 Definition

In this Part, **Division 2D commencement date** means the date on which Division 2D of Part 6 of Chapter 2 of the *NGL* commences.

2 Initial Procedures

- (1) AEMO must make and publish the initial Capacity Transfer and Auction Procedures by 1 December 2018 or, if the Division 2D commencement date is after that date, then 20 business days after the Division 2D commencement date.
- (2) For the purposes of Part 15B, information and notices published by AEMO and consultation undertaken by AEMO in relation to proposed Capacity Transfer and Auction Procedures before the Division 2D commencement date is taken to satisfy the requirements for publication and consultation under rules 135EE and 135EF, if and to the extent that publication and consultation would have satisfied those requirements if it had been conducted after that date.

Part 2 Transitional arrangements for Part 18

1 Definitions

- (1) In this Part:

capacity auction start date has the meaning given in Part 4 of this Schedule.

commencement date means the date of commencement of the rules modifying Part 18 made by the Minister under section 294G of the *NGL*.

existing BB allocation agent means a person who is a BB allocation agent for the purposes of new Part 18 on the commencement date.

existing BB allocation point means a *receipt or delivery point* that is a BB allocation point for the purposes of new Part 18 on the commencement date.

former remote pipeline means a BB transmission pipeline commissioned on or before the commencement date that:

- (a) was a remote pipeline for the purpose of the old remote pipeline definition; and
- (b) is not a remote pipeline for the purposes of the new remote pipeline definition; and

(c) meets the applicable reporting threshold.

interconnector commissioning date has the meaning given in Part 3 of this Schedule.

new Part 18 means Part 18 as will be in force immediately after the commencement date.

new rule 158A(2) means rule 158A(2) as will be in force immediately after the commencement date.

new rule 158B(2) means rule 158B(2) as will be in force immediately after the commencement date.

new remote pipeline definition means the definition of remote pipeline as will be in force immediately after the commencement date.

new Subdivision 5.7 means Subdivision 5.7 of Division 5 of new Part 18.

old remote pipeline definition means the definition of remote pipeline as was in force immediately before the commencement date.

Part 25 commencement date has the meaning given in Part 5 of this Schedule.

transition period means the period from the commencement date to the capacity auction start date.

- (2) Unless modified under this rule 1, terms used in this Part have the same meaning as in new Part 18.

2 Commencement of secondary reporting obligations

- (1) During the transition period, new Subdivision 5.7 does not apply.
- (2) New Subdivision 5.7 does not apply to a BB capacity transaction with a trade date before the capacity auction start date.
- (3) New Subdivision 5.7 does not apply to a secondary capacity transaction that relates to transportation capacity for use of a transportation service provided by means of a transportation facility located in the Northern Territory with a trade date before:
- (a) if the interconnector commissioning date falls on or before the Part 24 commencement date, the capacity auction start date; and
 - (b) otherwise, the date falling 80 business days after the interconnector commissioning date.

3 Allocation agents and allocation points on the commencement date

- (1) For the purposes of new rule 158A(2), an existing BB allocation agent is taken to have become a BB allocation agent on the commencement date.

- (2) For the purposes of new rule 158B(2), an existing BB allocation point is taken to have become a BB allocation point on the commencement date.

4 Former remote pipelines

Where an application for registration is made by the facility operator for a former remote pipeline or a BB facility that is connected to a former remote pipeline or in respect of a former remote pipeline or a BB facility that is connected to a former remote pipeline, AEMO must defer the date on which the registration takes effect to 1 February 2019 or, if the Part 25 commencement date is after 1 December 2018, to the date falling 40 business days after the Part 25 commencement date.

Part 3 Transitional arrangements for Part 24

1 Definitions

- (1) In this Part:

capacity auction start date has the meaning given in Part 4 of this Schedule.

Division 2D commencement date has the meaning given in Part 1 of this Schedule.

interconnector commissioning date means the date referred to in new rule 610(3).

exempt transportation facility has the meaning given in Part 24, as affected by rule 3 of this Part.

existing transportation facility means a transportation facility, or a part of a transportation facility, commissioned on or before the Part 24 commencement date.

new Part 24 means Part 24 as will be in force immediately after the Part 24 commencement date.

new rule 605(6) means rule 605(6) as will be in force immediately after the Part 24 commencement date.

new rule 610(2)(d) means rule 610(2)(d) as will be in force immediately after the Part 24 commencement date.

new rule 610(3) means rule 610(3) as will be in force immediately after the Part 24 commencement date.

new rule 618(2) means rule 618(2) as will be in force immediately after the Part 24 commencement date.

new rule 619(2) means rule 619(2) as will be in force immediately after the Part 24 commencement date.

new rule 627(2) means rule 627(2) as will be in force immediately after the Part 24 commencement date.

new rule 638 means rule 638 as will be in force immediately after the Part 24 commencement date.

new rule 639 means rule 639 as will be in force immediately after the Part 24 commencement date.

Part 24 commencement date means the date for commencement of Part 24 specified by the Minister under section 294G of the *NGL*.

Part 24 transition period means the period from the Part 24 commencement date to the capacity auction start date.

transitional Part 24 exemption means an exemption granted by the AER under this Part.

- (2) Unless modified under this rule 1, terms used in this Part have the same meaning as in new Part 24.

2 Code modifications

- (1) Subject to subrule (2), for the purposes of new rule 605(6), the date specified by the AER as the date on which a modification to the Code takes effect must not fall in the 12 month period following the Part 24 commencement date.
- (2) Notwithstanding subrule (1), the AER may specify a date falling in the 12 month period mentioned in subrule (1) as the date on which a modification to the Code takes effect if the AER considers that the modification to the Code:
- (a) is urgently necessary to ensure the proper operation of the capacity auction or the gas trading exchange or the safe and reliable operation of 1 or more transportation facilities; or
 - (b) is non-material (that is, the modification corrects a minor error in the Code or is unlikely to have a significant financial or operational impact).

3 Northern Territory exemption

If the interconnector commissioning date falls on or before the Part 24 commencement date, the exemption in new rule 610(2)(d) is taken to have expired on the Part 24 commencement date.

4 Transitional Part 24 exemptions

- (1) The AER may on the application of the transportation service provider for a transportation facility made in accordance with the process for applying for an exemption under new Part 24, or on its own initiative, grant a transitional Part 24 exemption in respect of a transportation facility or a part of a transportation facility, if the AER is satisfied, having regard to any matter that it considers relevant, that the transitional Part 24 exemption should be granted.
- (2) A transitional Part 24 exemption expires automatically on the earlier of:
- (a) a date specified by the AER when it grants the transitional Part 24 exemption;

- (b) the effective date of an exemption under new Part 24 granted by the AER for the transportation facility (or part) that is the subject of the transitional Part 24 exemption; and
 - (c) the capacity auction start date.
- (3) The AER may revoke a transitional Part 24 exemption by giving not less than 10 business days' written notice to the transportation service provider for the transportation facility.
- (4) During the transition period, a transportation facility (or part) that is the subject of a transitional Part 24 exemption is taken to be an exempt transportation facility for the purposes of new Part 24, for so long as the transitional Part 24 exemption continues.

5 Registration in relation to Part 24 facilities on the Part 24 commencement date

- (1) For the purposes of new rule 618(2), a transportation service provider for an existing transportation facility is taken to have become a transportation service provider for the existing transportation facility on the application date (if any) for the existing transportation facility.
- (2) Subject to subrule (3), for the purposes of new rule 619(2), the application date for an existing transportation facility is the Part 24 commencement date.
- (3) If an existing transportation facility is or becomes an exempt transportation facility before the date falling 20 business days after the Part 24 commencement date:
 - (a) subrule (2) does not apply; and
 - (b) the application date for the existing transportation facility (if any) is determined in accordance with Part 24 as amended from time to time.

6 Initial transportation service point register

- (1) AEMO must make and publish the initial transportation service point register by 1 December 2018 or, if the Division 2D commencement date is after that date, then 20 business days after the Division 2D commencement date.
- (2) AEMO is not required to comply with the consultation procedures in the Capacity Transfer and Auction Procedures and referred to in new rule 627(2) when making and publishing the initial transportation service point register.

7 Capacity trading platform commencement

- (1) New rule 638 does not apply during the Part 24 transition period.
- (2) New rule 639 does not apply during the Part 24 transition period.

Part 4 Transitional arrangements for new Part 25 (other than compression reporting)

1 Definitions

- (1) In this Part:

auction transition period means the period commencing on the Part 25 commencement date and ending immediately before the capacity auction start date.

capacity auction start date means:

- (a) subject to paragraph (b), 1 March 2019; or
- (b) if the Part 25 commencement date is after 1 December 2018, the date falling 60 business days after the Part 25 commencement date.

existing auction facility means an auction facility commissioned on or before the capacity auction start date.

new Part 25 means Part 25 as will be in force immediately after the Part 25 commencement date.

new rule 654(1) means rule 654(1) as will be in force immediately after the Part 25 commencement date.

new rule 656(1) means rule 656(1) as will be in force immediately after the Part 25 commencement date.

new rule 665(1) means rule 665(1) as will be in force immediately after the Part 25 commencement date.

new rule 665(3) means rule 665(3) as will be in force immediately after the Part 25 commencement date.

new rule 666(1) means rule 666(1) as will be in force immediately after the Part 25 commencement date.

new rule 666(4) means rule 666(4) as will be in force immediately after the Part 25 commencement date.

Part 25 commencement date means the date for commencement of Part 25 specified by the Minister under section 294G of the *NGL*.

protected rights transition period means the period commencing on the Part 25 commencement date and ending at 6:00 am Australian Eastern Standard Time on the second anniversary of the capacity auction start date.

transitional firm quantity has the meaning given in Part 2 of this Schedule.

- (2) Unless modified under this rule 1, terms used in this Part have the same meaning as in new Part 25.

2 Capacity auction start date

- (1) Notwithstanding anything to the contrary in new rule 654(1), for the purposes of that rule, an existing auction facility becomes subject to the capacity auction on the capacity auction start date.
- (2) For the purposes of new rule 656(1), AEMO must establish the capacity auction to start on the capacity auction start date.

3 Protected services

- (1) During the protected rights transition period:
 - (a) the definition of firm in new Part 25 does not apply; and
 - (b) the definitions of firm, standard firm and transitional firm apply. For this purpose, each term used in one of the transitional definitions in subrule (2) has the meaning given in new Part 25 unless otherwise defined in this Part.

- (2) The definitions referred to in subrule (1)(b) are:

firm, in relation to a transportation service on a gas day, means that:

- (a) the transportation service is standard firm in respect of that gas day; or
- (b) the transportation service is being used on that gas day for the transportation of a quantity of natural gas that is a transitional firm quantity in respect of that gas day, but only to the extent of that transitional firm quantity,

and the terms “**firm forward haul service**”, “**firm backhaul service**”, “**firm compression service**” and “**firm park service**” refer to a forward haul service, backhaul service, compression service and park service respectively that is standard firm or transitional firm as provided for in this definition.

standard firm in relation to a transportation service and a gas day, means:

- (a) transportation capacity for use of the transportation service on the gas day is reserved capacity (to avoid doubt, as defined in Part 24);
- (b) in normal operating conditions, nominations made by another transportation facility user for use of that or any other transportation service do not impact the quantity of reserved capacity or the scheduling of a nomination for use of the reserved capacity; and
- (c) a nomination made before the nomination cut-off time for use of the transportation service on the gas day up to the quantity of reserved capacity will, in normal operating conditions, be scheduled and not curtailed,

and the terms “**standard firm forward haul service**”, “**standard firm backhaul service**”, “**standard firm compression service**” and “**standard firm park service**” refer to a forward haul service, backhaul service and compression service and park service respectively that is standard firm as provided for in this definition.

Auction services and services that allow a firm service user to nominate or use a quantity of a firm transportation service in excess of the reserved capacity (such as an authorised overrun service) are not firm within the meaning of this definition.

transitional firm quantity means, in relation to a quantity of natural gas and a gas day:

- (a) a nomination for transportation of the natural gas was given in respect of a pipeline service that is not a standard firm transportation service or an auction service;
- (b) the nomination was for the receipt and delivery of gas on the gas day to be withdrawn on the gas day at a pipeline service point solely for consumption by a market generating unit as defined in the National Electricity Rules; and
- (c) the contractual right to nominate for transportation of the natural gas on the gas day was acquired:
 - (i) under a primary facility agreement on or before 3 January 2018; or
 - (ii) by the exercise of an option under a primary facility agreement to acquire the right where the option was acquired on or before 3 January 2018; and
- (d) to the extent the nomination for use of the service is scheduled, nominations made by another transportation facility user for use of that or any other transportation service (other than a standard firm transportation service) will, in normal operating conditions, not impact on the scheduled quantity.

4 Facility operator nomination and scheduling records

- (1) New rule 665(1) does not apply during the capacity auction transition period.
- (2) The AER must develop and publish the initial guidelines under new rule 665(3) by 1 December 2018 or, if the Part 25 commencement date is after that date, then 20 business days after the Part 25 commencement date.
- (3) Guidelines under new rule 665(3) must provide for the separate identification of each transitional firm quantity and the market generating unit in respect of which the transitional firm quantity was supplied.
- (4) The AER is not required to comply with the *standard consultative procedure* in developing the initial guidelines under this rule.

5 Renomination records

- (1) New rule 666(1) does not apply until the capacity auction start date.
- (2) The AER must develop and publish the initial guidelines referred to in new rule 666(4) by 1 December 2018 or, if the Part 25 commencement date is after that date, then 20 business days after the Part 25 commencement date.

- (3) The AER is not required to comply with the *standard consultative procedure* in developing the initial guidelines under this rule.

Part 5 Transitional arrangements for reporting by compression service facilities

1 Definitions and interpretation

- (1) Unless modified or otherwise defined by this Part, terms used in this Part have the same meaning as in Part 25.

- (2) In this Part:

capacity auction start date has the meaning given in Part 4 of this Schedule.

daily capacity means for a transitional compression facility, the quantity of natural gas that can be compressed by the transitional compression facility on a gas day for the facility.

daily production data means for a transitional compression facility, the quantity of natural gas that is metered as having been, or estimated in good faith by the compression facility operator to have been, compressed by the transitional compression facility on a gas day.

detailed facility information means for a transitional compression facility, each pipeline to which the transitional compression facility is connected and the *receipt or delivery points* at which the transitional compression facility is connected.

LCA flag for a gas day means a green, amber or red flag indicating the actual or expected capability of a transitional compression facility to meet the aggregated nominations for use of the transitional compression facility for that gas day based on the facility's capacity.

Note:

The meaning of a green, amber or red flag is specified in the Auction Procedures.

material change means:

- (a) in respect of nameplate rating information for a transitional compression facility, the information is no longer accurate due to changes in the capacity of the transitional compression facility that are likely to impact the transitional compression facility for more than one year;
- (b) in respect of a short term capacity outlook for a transitional compression facility, a change to the short term capacity outlook that exceeds the greater of 10% of the nameplate rating of the transitional compression facility and 30 TJ; and
- (c) in respect of information about nominated or forecast use of a service provided by a transitional compression facility, a change to the nomination or

forecast that exceeds the greater of 10% of the nameplate rating of the transitional compression facility and 30 TJ.

nameplate rating has the meaning in Part 24.

Part 25 commencement date means the date for commencement of Part 25 specified by the Minister under section 294G of the *NGL*.

reporting entity means the person registered with AEMO under Part 24 as the transportation facility operator for the transitional compression facility from time to time.

short term capacity outlook means, on any gas day, the compression facility operator's good faith estimate of a set of values describing the expected daily capacity of the facility under expected operating conditions for each of gas days D+1 to D+7.

transitional compression facility means, at any time, a compression service facility:

- (a) that is at that time an auction facility; and
- (b) for which the transition period has started and not ended.

transition period means, in relation to a compression facility, the period:

- (a) starting on 1 February 2019 or, if the Part 25 commencement date is after 1 December 2018, 40 business days after the Part 25 commencement date; and
- (b) ending when the transitional compression facility is registered as a BB facility under Part 18 and the reporting entity, or another person, is registered as the BB reporting entity for that BB facility under Part 18.

uncontracted primary compression capacity means primary compression capacity that a compression facility operator has available for sale or that it will have available for sale.

- (3) In this Part, a reference to a quantity of natural gas is to an energy quantity (expressed in whole TJ) rather than a volumetric or other quantity.
- (4) In this Part, in relation to a reporting entity, a reference to "its" transitional compression facility is a reference to each transitional compression facility for which it is registered as the reporting entity.
- (5) In this Part, a reference to:
 - (a) gas day D is a reference to whichever gas day is designated by the relevant rule;
 - (b) gas day D-n is a reference to the gas day occurring n gas days before gas day D; and
 - (c) gas day D+n is a reference to the gas day occurring n gas days after gas day D.

2 Application

The obligations of a reporting entity under this Part to give information to AEMO in relation to a transitional compression facility apply during the transition period for the transitional compression facility.

3 Information standard and related matters

- (1) A reporting entity required by a provision of this Part or the Capacity Transfer and Auction Procedures to give information or data to AEMO must
 - (a) prepare and submit that information or data; and
 - (b) if applicable, maintain any equipment from which that information or data is derived,

in accordance with the auction information standard (as defined in Part 25).

Note:

The GMRG proposes that this subrule be classified as a civil penalty provision.

- (2) Where this Part requires a reporting entity to update information or data provided to AEMO, the reporting entity must:
 - (a) do so each time facts or circumstances arise that require the information or data to be updated; and
 - (b) notify the updated information or data to AEMO as soon as practicable after the person becomes aware of the facts or circumstances that require the information or data to be updated and within any applicable timeframe specified in the Auction Procedures.

Note:

The GMRG proposes that this subrule be classified as a civil penalty provision.

- (3) A reporting entity required by a provision of this Part or the Auction Procedures to update information or data provided to AEMO must:
 - (a) prepare and submit that updated information or data; and
 - (b) if applicable, maintain any equipment from which the updated information or data is derived,

in accordance with the auction information standard.

Note:

The GMRG proposes that this subrule be classified as a civil penalty provision.

- (4) AEMO is not required to verify the accuracy of information or data provided to AEMO under this Part.

4 Capacity Transfer and Auction Procedures

- (1) The Capacity Transfer and Auction Procedures may include provisions with respect to the provision of information under this Part.
- (2) Where this Part requires a reporting entity to provide information to AEMO, the information must be provided by the reporting entity by the time specified in the Capacity Transfer and Auction Procedures.
- (3) Where this Part requires a reporting entity to provide information to AEMO, the information must be provided by the reporting entity in the manner and form specified in, and otherwise in accordance with, the Capacity Transfer and Auction Procedures.

Note:

The GMRG proposes that this subrule be classified as a civil penalty provision.

- (4) The Capacity Transfer and Auction Procedures may provide for:
 - (a) a reporting entity to be exempt from the obligation to provide an item of information under this Part in respect of a facility in specified circumstances; and
 - (b) the default value that will be used in place of the relevant item of information.
- (5) The obligations under this Part to update information apply to default values determined under the Capacity Transfer and Auction Procedures as if the reporting entity had provided the information to AEMO.

5 Nameplate rating information

- (1) A reporting entity must provide to AEMO:
 - (a) the nameplate rating of each of its transitional compression facilities; and
 - (b) information about any planned permanent capacity reduction or expansion due to modification of the transitional compression facility, the nameplate rating that is expected to result and the time the modification is expected to take effect.
- (2) The reporting entity must provide the information specified in subrule (1) to AEMO:
 - (a) on registration of the transitional compression facility under Part 24; and
 - (b) annually, by the date specified in the Capacity Transfer and Auction Procedures.
- (3) A reporting entity must update the information provided under subrule (1) for its transitional compression facility if there is a material change.

6 Detailed facility information

- (1) A reporting entity must provide to AEMO the detailed facility information for each of its transitional compression facilities.
- (2) The reporting entity must provide the detailed facility information specified in subrule (1) to AEMO on the earlier of registration of the facility under Part 24 and 20 business days before the capacity auction start date.
- (3) A reporting entity must update the detailed facility information provided under subrule (1) for its transitional compression facility if the information is no longer accurate.

7 Gas day start times

- (1) A reporting entity must provide to AEMO the time at which the gas day starts for each of its transitional compression facilities (e.g. 6am EST).
- (2) The reporting entity must provide the gas day start time to AEMO on the earlier of registration of the facility under Part 24 and 20 business days before the capacity auction start date.
- (3) If the start time for the gas day for a transitional compression facility provided to AEMO under subrule (1) changes, the reporting entity must notify AEMO of the updated information as soon as practicable.

8 Short term capacity outlooks

- (1) A reporting entity must provide to AEMO a short term capacity outlook for each of its transitional compression facilities.
- (2) The reporting entity must provide the information specified in subrule (1) to AEMO each gas day, except in circumstances where the Capacity Transfers and Auction Procedures permit the reporting entity to rely on an exemption and the use of default values for a gas day.
- (3) A reporting entity must update the information it has provided under subrule (1) for a gas day if there is a material change.

9 Linepack/capacity adequacy indicator

- (1) A reporting entity must provide to AEMO the LCA flag for each of its transitional compression facilities.
- (2) The reporting entity must provide the LCA flag in respect of each gas day D for gas days D to D+2, except in circumstances where the Capacity Transfers and Auction Procedures permit the reporting entity to rely on an exemption and the use of default values for a gas day.

- (3) A reporting entity must update the current LCA flag for a transitional compression facility for a gas day if at any time the LCA flag for the gas day no longer reflects the actual or expected capability of the transitional compression facility to meet the aggregated nominations for use of the transitional compression facility on that gas day.

10 Nominated and forecast use of compression facilities

- (1) A reporting entity must, in respect of each of its transitional compression facilities, provide to AEMO in respect of each gas day D:
 - (a) the aggregate nominated or forecast quantity of natural gas to be compressed by the transitional compression facility on the gas day; and
 - (b) the aggregate forecast quantity of natural gas to be compressed by the transitional compression facility on gas day D+1 to gas day D+6 for use of the service provided by means of the transitional compression facility, which may be based on the reporting entity's forecast and forecast nominations if primary shippers have provided forecast nominations under contract or applicable market rules.
- (2) The obligation of a reporting entity under subrule (1) to provide information is taken to be satisfied for a gas day in circumstances where the Capacity Transfers and Auction Procedures permit the reporting entity to rely on an exemption and the use of default values for that gas day.
- (3) A reporting entity must update the information it has provided to AEMO under subrule (1) if there is a material change.

11 Daily production data

- (1) Each gas day D, a reporting entity must provide to AEMO the daily production data for each of its transitional compression facilities for gas day D-1.
- (2) A reporting entity must update the information provided under subrule (1) for its transitional compression facility if the information is no longer accurate.
- (3) The information to be provided to AEMO under subrule (1) is to be determined by the reporting entity on the basis of operational metering data.

Note:

The information provided to AEMO under this rule is not intended to be of settlements quality.

12 Publication by AEMO

AEMO must publish on the Bulletin Board the information provided to AEMO by reporting entities in accordance with the obligations of reporting entities under this Part, as if the information had been provided to AEMO under Division 5 of Part 18.

Part 6 Transitional arrangements for the standard market timetable

1 Definitions

- (1) In this Part:

gas market means each regulated gas market, the gas trading exchange established under Part 22 and the capacity auction established under Part 25.

Part 26 transition date means 1 October 2019.

Part 26 transition period means the period from the commencement of Part 26 to 6:00 am Australian Eastern Standard Time on 1 October 2019.

- (2) Unless defined in this Part, terms used in this Part have the same meaning as in Part 26.

2 Use of standard market timetable

- (1) During the Part 26 transition period, rule 678 does not apply.
- (2) During the Part 26 transition period, a facility operator for a natural gas facility must take all necessary steps to ensure the standard market timetable is in use in relation to the natural gas facility in accordance with rule 678 no later than the standard gas day starting on the transition date.

3 Information about gas market transition

- (1) AEMO must publish information about the arrangements for transition to the standard gas day in each gas market, where relevant to that gas market, to provide guidance to participants in the gas market or those required to provide information in connection with the gas market.
- (2) AEMO must publish the information referred to in subrule (1) on or before 1 April 2019 and may update the information from time to time.

4 Information about natural gas facility transition

- (1) A facility operator for a natural gas facility:
- (a) by means of which services are provided to any person (other than an associate of the facility operator); and
 - (b) that will be required to change the start time of the gas day, the nomination cut-off time or the equipment used for the measurement or recording of quantities of natural gas in connection with the implementation of the standard market timetable under Part 26,

must publish and provide to AEMO the information referred to in subrule (2) by no later than 30 June 2019 and may update that information from time to time.

Note:

Section 2 of the *NGL* defines associate.

- (2) The information referred to in subrule (1) is information about the facility operator's arrangements for the transition to the standard gas day and standard nomination cut-off time (if applicable) as may be reasonably expected to be required by:
- (a) a person to whom services are provided by means of the natural gas facility in connection with the person's use of the natural gas facility;
 - (b) the operator of a natural gas facility to which its facility is connected, taking into account subrule (3)(a); or
 - (c) AEMO in its capacity as operator of a gas market.

Note:

For example, the information may include the arrangements for nomination and scheduling on the last gas day before the new timetable applies to the facility (if it will be shorter than 24 hours), any adjustments to capacity entitlements for that day for nomination, scheduling and billing purposes and the proposed date for the transition (or parts of it, such as metering), if earlier than the transition date.

- (3) A facility operator must (in addition to complying with any applicable obligations under the rules or Procedures) use reasonable endeavours to ensure that the arrangements referred to in subrule (2) are, to the extent reasonably practicable, consistent with the arrangements for the transition to the standard market timetable:
- (a) published by the facility operator for any natural gas facility to which its facility is connected; and
 - (b) in gas markets to which its facility is connected or in which users of its facility may participate,

taking into account the operational and technical requirements necessary for safe and reliable operation of the natural gas facility.



3. Draft initial Operational Transportation Service Code



Operational Transportation Service Code

GMRG Consultation Version 0.1 19 March 2018

PREPARED BY: [XXXX]
DOCUMENT REF: XX-XXXX
VERSION: 0.1
EFFECTIVE DATE: dd month yyyy
STATUS: [DRAFT]
DATE: / / 20



Version Release History

Version	Effective Date	Summary of Changes
1	XXXX	First issue



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PART 1: THIS CODE

1 Introduction

- 1.1 This Operational Transportation Service Code is made and published under Part 24 of the National Gas Rules.
- 1.2 This Code applies to service providers in the manner described in Part 24 of the National Gas Rules.

2 Definitions and interpretation

- 2.1 Terms defined in the National Gas Law or National Gas Rules have the same meanings in this Code, unless otherwise defined.
- 2.2 In this Code:
 - (a) **National Gas Law** means the Schedule to the National Gas (South Australia) Act 2008 (SA); and
 - (b) **National Gas Rules** is defined in the National Gas Law.

3 Contents of this Code

- 3.1 The Code contains:
 - (a) Part 1: this introduction;
 - (b) Part 2: the form of agreement used to enter into an operational transportation service agreement for a transportation facility;
 - (c) Part 3: the standard commercial and operational terms;
 - (d) Part 4: a description of the standard operational transportation services; and
 - (e) Part 5: the requirements for *facility specific terms* referred to in rule 598(2) of the National Gas Rules.

Parts 3 and 4 constitute the standard terms as that term is defined in Part 24 of the National Gas Rules.

- 3.2 This Code can only be amended in accordance with Part 24 of the National Gas Rules.



PART 2: FORM OF AGREEMENT – OPERATIONAL TRANSPORTATION SERVICES AGREEMENT

Date

Parties

[] ABN [] OF [] (**Service Provider**)

[] ABN [] OF [] (**Shipper**)

[Required Alteration: Completion of the above details]

Recitals

This Agreement sets out the terms upon which Service Provider has agreed to provide Services to Shipper.

Operative part

1 Agreement documents

This Agreement between Service Provider and Shipper is made up of:

- (a) this Form of Agreement;
- (b) the Standard Terms which comprise the operational and commercial terms set out in Part 3 of the Operational Transportation Service Code and the description of the standard operational transportation services set out in Part 4 of the Operational Transportation Service Code as those terms and descriptions are amended from time to time (provided any amendments will only take effect for the purposes of this Agreement from the time determined in accordance with the National Gas Rules); and
- (c) the Facility Specific Terms published by Service Provider for the Transportation Facility identified in this Agreement (in the version identified in clause 3) as those terms are amended from time to time (provided any amendments will only take effect for the purposes of this Agreement from the time determined in accordance with the National Gas Rules).

2 Definitions and interpretation

In this Agreement:

- (a) **National Gas Law** means the Schedule to the National Gas (South Australia) Act 2008 (SA) as applied as a law of this jurisdiction;
- (b) **National Gas Rules** is defined in the National Gas Law;



- (c) **Facility Specific Terms** has the meaning given to “facility specific terms” in the National Gas Rules.
- (d) **Operational Transportation Service Code** is defined in the National Gas Rules;
- (e) **Standard Terms** has the meaning given to “standard terms” in the National Gas Rules; and
- (f) **Transportation Facility** has the meaning given to “transportation facility” in the National Gas Rules.

3 Agreement details

Service Provider Name	
Service Provider ABN	
Service Provider Address	
Service Provider Representative for Notices	
Service Provider Address for Notices	
Service Provider Address for Email Notices	
Shipper Name	
Shipper ABN	
Shipper Address	
Shipper Representative for Notices	
Shipper Address for Notices	
Shipper Address for Email Notices	
Transportation Facility	
Facility Specific Terms (version number)	
Transportation Facility Name	
Pipeline Licences (if applicable)	
General Description Facility Route/Location	
State/Territory	

[Required Alteration: Completion of the above details]



Execution

EXECUTED as an agreement

Executed by [Service Provider] ABN [] in
accordance with section 127 of the
Corporations Act 2001 (Cth) by:

Director signature

Director/Secretary signature

Director full name
(BLOCK LETTERS)

Director/Secretary full name
(BLOCK LETTERS)

Executed by [Shipper] ABN [] in
accordance with section 127 of the
Corporations Act 2001 (Cth) by:

Director signature

Director/Secretary signature

Director full name
(BLOCK LETTERS)

Director/Secretary full name
(BLOCK LETTERS)

[Required Alteration: Completion of execution block details]

[Permitted Alteration: Parties may change to an authorised officer or power of attorney execution clause if they agree to do so]



PART 3: STANDARD TERMS - OPERATIONAL AND COMMERCIAL TERMS

1 Definitions and interpretation

1.1 Definitions

In this Agreement, unless the contrary intention appears:

Accumulated Imbalance means, at a given point in time, the aggregate of Shipper's Daily Imbalances up to that point in time as adjusted (if applicable) under clause 8 or clause 7.5.

Administration Charge means the charge specified in the Facility Specific Terms as the "Administration Charge", which charge may be levied for the purposes of recovering costs of the type referred to in rule 634 of the National Gas Rules.

Agreement means the contract constituted by:

- (a) the Form of Agreement;
- (b) these Standard Terms;
- (c) the Description of Services; and
- (d) the Facility Specific Terms.

Agreement Details means that part of the Form of Agreement described as such.

Allowable Park Balance means the lesser of the Traded Park Service MDQ and the Curtailed Park Balance.

Auction Service means each of the following Services:

- (a) Forward Haul Auction Service;
- (b) Backhaul Auction Service; and
- (c) Compression Auction Service.

Backhaul Auction MDQ means, for a Day between a Receipt Point and a Delivery Point and subject to clause 2.2, the sum of Shipper's Purchased MDQ (expressed in GJ/Day) for the provision of Backhaul Auction Services between those points on that Day.

Backhaul Auction Service is defined in the Description of Services.

Backhaul Delivery Point means a point on the Facility as specified in the register maintained by AEMO under the Capacity Transfer and Auction Procedures as a point to which Gas may be delivered under the Backhaul Auction Service.

Backhaul Receipt Point means a point on the Facility specified in the register maintained by AEMO under the Capacity Transfer and Auction Procedures as a point at which Gas may be received under the Backhaul Auction Service.

Bilateral Trade means the acquisition, other than through the Exchange or the Capacity Auction, of Transportation Capacity from another Transportation Facility User who has entitlements to Transportation Capacity (and excluding, to avoid doubt, the acquisition of



Transportation Capacity by means of a direct contract with Service Provider) or the transfer of Transportation Capacity to another Transportation Facility User (other than through the Exchange or the Capacity Auction).

Business Day means a day that is not a Saturday, Sunday or public holiday in the State.

Capacity means, for a period of time, the capability of the Facility to safely receive, store, transport and deliver (or in the case of the Compressor, receive, compress and deliver) Gas during that period of time in a manner consistent with all applicable Laws and preserving the operational integrity of the Facility.

Capacity Auction means the capacity auction established and operated by AEMO in accordance with Part 25 of the National Gas Rules.

Capacity Transfer and Auction Procedures means the procedures of that name made by AEMO under the National Gas Law.

Charges means any charges payable by Shipper under this Agreement including without limitation the following charges where set out in the Facility Specific Terms:

- (a) the Administration Charge;
- (b) Imbalance Charges;
- (c) Unauthorised Overrun Charges;
- (d) Hourly Overrun Charges;
- (e) Odourisation Charges; and
- (f) Receipt and Delivery Point Charges.

Compression Auction Service is defined in the Description of Services.

Compression Auction Service MDQ means, for a Day and the Compressor and subject to clause 2.2, the sum of Shipper's Purchased MDQ (expressed in GJ/Day) for the provision of Compression Auction Service provided by the Compressor on that Day.

Compression Service means a Compression Auction Service or a Traded Compression Service.

Compressor means the compression service facility (as defined in the National Gas Law) described in the Form of Agreement.

Compressor Delivery Point means for a Compressor the delivery point, or combination of delivery points (and which may be notional points), specified in the register maintained by AEMO under the Capacity Transfer and Auction Procedures.

Compressor Receipt Point means for a Compressor the receipt point, or combination of receipt points (and which may be notional points), specified in the register maintained by AEMO under the Capacity Transfer and Auction Procedures.

Corporations Act means the *Corporations Act 2001* (Cth).

Curtail means to curtail or interrupt the provision of Services to Shipper.

Curtailed Park Balance is defined in clause 7.5.



Day means:

- (a) on and from the Standard Market Timetable Commencement Date, the standard gas day as defined in the Standard Market Timetable; and
- (b) before the Standard Market Timetable Commencement Date:
 - (i) the 24 hour period starting at the time specified in the Facility Specific Terms; or
 - (ii) if not specified in the Facility Specific Terms, the 24 hour period starting at 0600 hours Australian Eastern Standard Time.

Default Rate mean the Interest Rate plus 2%.

Delivery Point means a delivery point on the Facility as specified in the register maintained by AEMO under the Capacity Transfer and Auction Procedures (but does not include a Compressor Delivery Point).

Description of Services means Part 4 of the Operational Transportation Service Code.

Exchange means the gas trading exchange established by AEMO under the National Gas Law and Part 22 of the National Gas Rules.

Exchange Trade means the acquisition of Transportation Capacity through the Exchange.

Facility means the Pipeline or Compressor the subject of the Agreement and identified in the Agreement Details.

Facility Agreement has the meaning given to the term “facility agreement” in the National Gas Rules.

Facility Specific Terms means the facility specific terms (as defined in Part 24 of the National Gas Rules) published for the Facility from time to time by Service Provider in accordance with the National Gas Rules.

Firm has the meaning given to the term “firm” in the National Gas Rules.

Firm Compression Service has the meaning given to “firm compression service” in the National Gas Rules.

Form of Agreement means a document in the form of Part 2 of the Operational Transportation Service Code setting out the matters specified in that Part and executed by Service Provider and Shipper.

Force Majeure means any event or circumstance not within the reasonable control of a Party and which by the exercise of reasonable care that Party is not able to prevent or overcome.

Forward Haul Auction MDQ means, for a Day between a Receipt Point and a Delivery Point and subject to clause 2.2, the sum of Shipper’s Purchased MDQ (expressed in GJ/Day) for the provision of the Forward Haul Auction Services between those points on that Day.

Forward Haul Auction Service is defined in the Description of Services.

Gas means any hydrocarbons occurring in a gaseous state and any naturally occurring mixture of one or more hydrocarbons in a gaseous state which may contain other gases (including the residue resulting from the treatment or processing of gas).



Gas Specification means:

- (a) at any given time the then current edition of AS 4564 Specification for General Purpose Natural Gas; or
- (b) if the Facility Specific Terms set out a different gas specification, that gas specification,

in each case as modified (including by the application of additional requirements) by any legislative requirements applying to the Facility in respect of gas quality.

GJ means gigajoule.

Government Agency means:

- (a) a government (whether federal, state, territorial or local);
- (b) a governmental, semi-governmental or judicial entity or authority including a department, office or minister of a government acting in that capacity; and
- (c) a statutory, public, municipal, local or other authority charged with the responsibility for administering any relevant legislation, regulation, ordinance or by-law.

Hourly Limitation means a limitation set out in the Facility Specific Terms on the quantity of Gas Shipper may supply or take delivery of in an hour or over a period of consecutive hours (for example a period of 12 consecutive hours).

Hourly Overrun Charge means the charge referred to in clause 6.2, which charge is further defined in the Facility Specific Terms.

Imbalance Allowance means, for a Day:

- (a) zero; plus
- (b) where for that Day Shipper's Traded Forward Haul Service MDQ is greater than zero, the imbalance allowance set out in the Facility Specific Terms for the Traded Forward Haul Service.

Imbalance Charges means the charges specified in the Facility Specific Terms as "Imbalance Charges".

Insolvency Event means the occurrence of one or more of the following:

- (a) an order is made that a body corporate be wound up or a liquidator or provisional liquidator is appointed to a body corporate whether or not under an order;
- (b) an administrator is appointed to a body corporate;
- (c) otherwise than for the purpose of a solvent amalgamation, restructure or reorganisation, a body corporate enters into, or resolves to enter into, a scheme of arrangement or composition with, or assignment for the benefit of, all or any of its creditors, or it proposes a re-organisation, moratorium or other administration involving any of its creditors;



- (d) a body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of its intention to do so (except to reconstruct or amalgamate while solvent on terms approved by the other Party) or is otherwise wound up or dissolved;
- (e) a body corporate is, or states that it is, unable to pay its debts as and when they become due and payable; and
- (f) in relation to the property of a body corporate, a receiver, or receiver and manager, is appointed in relation to substantially all of that property or a mortgagee of the body corporate takes possession of substantially all of that property for the purpose of enforcing a mortgage.

Interconnect Party means:

- (a) a pipeline operator, a gas producer or any other person supplying Gas to Shipper immediately upstream of a Receipt Point; or
- (b) another pipeline operator, facility owner or operator or any other person who will take delivery of Gas from Shipper immediately downstream of a Delivery Point.

Interest Rate means the one month Australian Bank Bill Swap Reference Mid Rate specified by Thomson Reuters Monitor Service Page BBSY at or about 10.00am (Sydney time) on the first Business Day of each month provided that if this rate cannot be so determined then Interest Rate shall mean the rate (expressed as a percentage yield per annum to maturity) quoted at or about such time by Westpac Banking Corporation as the rate at which it would be prepared to purchase bills of exchange accepted by an Australian trading bank and having a tenor of 90 days and a face value of \$100,000.

Laws means:

- (a) the common law;
- (b) all Acts of Parliament;
- (c) all legally binding regulations, codes, ordinances, local laws, by-laws, legislative instruments, orders, judgments, licences, rules, and permits; and
- (d) legally binding requirements of all Government Agencies.

Linepack means the Gas required to keep the Linepack of the Pipeline at a level consistent with the efficient and safe operation of the Pipeline so as to enable transportation of Gas through the Pipeline.

Linepack Gas means Gas required from time to time to replenish or increase the level of the Linepack.

Losses means losses, damages, costs, expenses and liabilities.

Maintenance means maintenance, repairs, testing, adding to, altering, replacing or cleaning of the Facility which affects, or is likely to affect, Shipper's ability to utilise the Services.

Maintenance Plan is defined in clause 9.1(b).



MDQ (or **Maximum Daily Quantity**) means, as the case requires, and in relation to a Day, a Service and a Facility, the applicable Backhaul Auction MDQ, Compression Auction Service MDQ, Forward Haul Auction MDQ, Traded Compression Service MDQ, Traded Forward Haul Service MDQ and Traded Park Service MDQ.

Metering Principles mean principles setting out:

- (a) the technical standards with which metering installations and associated equipment at Receipt Points and Delivery Points or at the Compressor (or Compressor Receipt Point or Compressor Delivery Point) must comply;
- (b) the procedures for measurement and testing of Gas;
- (c) the accuracy requirements with which metering equipment must comply;
- (d) the procedures to apply where metering equipment is shown to have recorded inaccurately for a period; and
- (e) the procedures to apply where metering equipment fails.

Month means the period from the beginning of the first Day to commence in a calendar month to the end of the last Day which commences in that calendar month.

Nominated Delivery Point means:

- (a) in respect of the Traded Forward Haul Service and a Day, a Delivery Point nominated by Shipper in its nomination for the Traded Forward Haul Service for that Day; and
- (b) in respect of the Forward Haul Auction Service or Backhaul Auction Service, the Delivery Point or Backhaul Delivery Point Shipper is entitled to use under the Purchased Product acquired by Shipper for the relevant Day in the relevant Capacity Auction.

Nominated Receipt Point means:

- (a) in respect of the Traded Forward Haul Service and a Day, a Receipt Point nominated by Shipper in its nomination for the Traded Forward Haul Service for that Day; and
- (b) in respect of the Forward Haul Auction Service or Backhaul Auction Service, the Receipt Point or Backhaul Receipt Point Shipper is entitled to use under the Purchased Product acquired by Shipper for the relevant Day in the relevant Capacity Auction.

Nomination Cut-Off Time means, for a Day:

- (a) on and from the Standard Market Timetable Commencement Date, the nomination cut-off time for an Auction Service and for a Service that is not an Auction Service defined in the Standard Market Timetable applicable to the Service; and
- (b) before the Standard Market Timetable Commencement Date:
 - (i) for an Auction Service, 1945 hours Australian Eastern Standard Time on the previous Day; and
 - (ii) for a Service that is not an Auction Service:



- (A) the time as specified by Service Provider in the Facility Specific Terms to ensure Shipper's nomination cut-off time is the same as general practice applicable to the Facility; or
- (B) if not specified in the Facility Specific Terms, 1600 hours Australian Eastern Standard Time on the previous Day,

in each case as may be extended in accordance with the Agreement or through the Capacity Transfer and Auction Procedures.

Odourisation Charge means a charge payable by Shipper to Service Provider for Service Provider undertaking the odourisation of Gas supplied by Shipper as set out in the Facility Specific Terms.

Off Specification Gas means Gas which does not comply with the Gas Specification.

Operational Transportation Service Code has the meaning given to that term in the National Gas Rules.

Other Services means any services the Service Provider elects to provide in accordance with the Facility Specific Terms (and which may include park and loan services, backhaul services provided on different terms to the Backhaul Auction Service, authorised overrun services, in-pipe trade services, peaking services, enhanced imbalance services, compression services provided on different terms to the Compression Auction Service or Traded Compression Service and storage services provided on different terms to the Traded Park Service).

Park Account means the account referred to in clause 8.

Party means each of Shipper and Service Provider.

Pipeline means the pipeline described in the Form of Agreement including the licence details for the Pipeline and a general description of the route of the Pipeline.

Planned Maintenance means Maintenance set out in a Maintenance Plan (as updated in accordance with clause 9.1(c)).

Primary Shipper has the same meaning as "primary shipper" has under the National Gas Rules.

Primary Facility Agreement has the same meaning as "primary facility agreement" has under the National Gas Rules.

Priority Principles means the principles of that name set out in the Facility Specific Terms.

Purchased MDQ means, in relation to a Service and a Purchased Product, the quantity of the Transportation Capacity (measured in GJ/Day) purchased.

Purchased Product means Transportation Capacity purchased by Shipper under a Bilateral Trade, or through the Exchange or the Capacity Auction.

Qualifying Facility Agreement is defined in the Description of Services.

Quarter means a period of 3 consecutive months commencing on the first day of each of the months of January, April, July and October.

Reasonable and Prudent means the practices, methods and acts engaged in or approved by a firm or body corporate who, in the conduct of its undertaking, exercises that degree of



diligence, prudence and foresight reasonably and ordinarily exercised by skilled and experienced Australian operators engaged in the same type of undertaking under the same or similar circumstances.

Receipt Point means a receipt point on the Pipeline as specified in the register maintained by AEMO under the Capacity Transfer and Auction Procedures (but does not include a Compressor Receipt Point).

Receipt and Delivery Point Charges means the charges referred to in clause 14.3.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Renomination is defined in clause 4.7(a).

Renomination Cut-off Time means, for a Day:

- (a) the time specified by Service Provider in the Facility Specific Terms to ensure Shipper's renomination cut-off time is the same as general practice applicable to the Facility; or
- (b) if not specified in the Facility Specific Terms, 2200 hours Australian Eastern Standard Time on the Day.

Reserved has the meaning given to the term "reserved" in the National Gas Rules.

Scheduled Quantity is defined in clause 4.6.

Scheduling Time means, for a Day, and subject to the Capacity Transfer and Auction Procedures, up to 90 minutes after the applicable Nomination Cut-Off Time.

Secondary Shipper has the meaning given to the term "secondary shipper" in the National Gas Rules.

Services means the services described in the Description of Services.

Shipper's Daily Imbalance means, at a point in time on a Day (including at the end of that Day):

- (a) the quantity of Gas supplied by Shipper to the Receipt Points on that Day under this Agreement (excluding Gas supplied on account of System Use Gas and any part of that quantity of Gas supplied into Shipper's Park Account on that Day); less
- (b) the quantity of Gas delivered to Shipper at the Delivery Points on that Day under this Agreement (less any System Use Gas returned to Shipper on that Day and any quantity of Gas withdrawn by Shipper from its Park Account on that Day).

The reference in this definition to Receipt Points and Delivery Points includes Backhaul Receipt Points and Backhaul Delivery Points.

Sold MDQ means in relation to a Service and a Sold Product, the amount of Transportation Capacity (measured in GJ/Day) sold.

Sold Product means Transportation Capacity sold by Shipper under a Bilateral Trade or through the Exchange.

Standard Operational TSA means an operational transportation service agreement (as that term is defined in the National Gas Law) which is in the form of the standard operational agreement (as that term is defined in the National Gas Rules) for the Facility.



Standard Market Timetable means the standard market timetable made under Part 26 of the National Gas Rules.

Standard Market Timetable Commencement Date means the date on which the standard market timetable commences as specified in or for the purposes of Part 26 of the National Gas Rules.

State means the State or Territory nominated in the Form of Agreement.

Subshipper is defined in clause 24.1.

System Use Gas means:

- (a) in respect of a Pipeline, Gas required by Service Provider as a Reasonable and Prudent operator for or in connection with the operation of the Pipeline, including without limitation Gas used as fuel for compressors, gas heaters or other equipment, quantities of Gas lost or unaccounted for and Linepack Gas; and
- (b) in respect of the Compressor, Gas required by Service Provider as a Reasonable and Prudent operator for or in connection with the operation of the Compressor.

Term means a period of 3 years commencing from when Shipper and Service Provider have signed the Agreement.

TJ means terajoule.

Traded Compression Service is defined in the Description of Services.

Traded Compression Service MDQ means, for a Day between two Zones and the Compressor and subject to clause 2.2, the sum of Shipper's Purchased MDQ less the sum of the Shipper's Sold MDQ (expressed in GJ/Day) for the provision of the Traded Compression Service by the Compressor between those Zones on that Day.

Traded Forward Haul Service is defined in the Description of Services.

Traded Forward Haul Service MDQ means, for a Day between two Zones and subject to clause 2.2, the sum of Shipper's Purchased MDQ less the sum of the Shipper's Sold MDQ (expressed in GJ/Day) for the provision of Traded Forward Haul Services between those Zones on that Day.

Traded Park Service is defined in the Description of Services.

Traded Park Service MDQ means for a Day and subject to clause 2.2, the sum of Shipper's Purchased MDQ less the sum of Shipper's Sold MDQ (expressed in GJ/Day) for the provision of Traded Park Service on the Facility on that Day.

Transportation Capacity means a right to be provided with a Transportation Service by means of the Facility, for a given quantity over a given period of time.

Transportation Facility User has the meaning given to the term "transportation facility user" in the National Gas Law.

Transportation Service has the meaning given to the term "transportation service" in the National Gas Law.

Unauthorised Imbalance Charge mean the charge specified in the Facility Specific Terms as "Unauthorised Imbalance Charge".



Unauthorised Overrun Charges means the charge or charges specified in the Facility Specific Terms as “Unauthorised Overrun Charges”.

Unplanned Maintenance is defined in clause 9.2.

Wilful Misconduct means any act or failure to act taken or not taken with an intentional disregard of foreseeable, harmful and avoidable consequences but does not include:

- (a) an error of judgment, mistake, act or omission (whether or not negligent) which is made, done or omitted to be done in good faith;
- (b) an act or omission done or omitted to be done at the express instruction or with the express agreement of the other Party; or
- (c) an act or omission undertaken in accordance with the requirements of Laws.

Zone means a “zone” as that term is defined in the National Gas Rules.

Other terms are defined in the clauses in which they are used.

1.2 Rules of Interpretation

These rules of interpretation apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) A gender includes all genders.
- (c) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (e) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, supplemented, novated or replaced except to the extent prohibited by this Agreement or that other agreement or document.
- (f) A reference to a Party to this Agreement or another agreement or document includes the Party’s successors, permitted substitutes and permitted assigns (and, where applicable, the Party’s legal personal representatives).
- (g) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (h) Mentioning anything after “includes”, “including”, “for example” or similar expressions does not limit what else might be included.

1.3 Headings

Headings are for convenience of reference only and do not affect interpretation.

1.4 Unit Terminology

Terminology used to describe units must, unless otherwise agreed, be in accordance with Australian Standard AS ISO1000 – 1998 The International System of Units (SI System) and



its Application, the National Measurement Act 1960 (Cth), Australian Standard AS/NZS 1376-1996 Conversion Factors and the Australian Gas Association publication Metric Units and Conversion Factors for Use in the Australian Gas Industry.

1.5 Rounding

In this Agreement:

- (a) all quantities in GJ are rounded to the nearest whole GJ;
- (b) rates or tariffs for the purposes of calculating the Charges are rounded to 4 decimal places (or to such other number of decimal places nominated in the Facility Specific Terms); and
- (c) all invoicing amounts are rounded to 2 decimal places.

1.6 Deliveries and Receipts

- (a) References in this Agreement to Shipper supplying Gas to Service Provider at a Receipt Point or Compressor Receipt Point and taking delivery of Gas from Service Provider at a Delivery Point or Compressor Delivery Point include, where the context permits, Gas supplied or taken (as applicable) by or on behalf of Shipper.
- (b) References in this Agreement to quantities of Gas being supplied at the Receipt Point or Compressor Receipt Point or delivered at the Delivery Point or Compressor Delivery Point are references to, unless the context otherwise requires, quantities so supplied or delivered under this Agreement.
- (c) References in this Agreement to a Receipt Point include (unless expressly provided otherwise or unless the context suggests otherwise) a Backhaul Receipt Point.
- (d) References in this Agreement to a Delivery Point include (unless expressly provided otherwise or unless the context suggests otherwise) a Backhaul Delivery Point.

2 Services

2.1 Provision of Services

On each Day during the Term Service Provider must, subject to the terms of this Agreement, provide the Services to Shipper.

2.2 Validation and adjustments

- (a) Service Provider must validate each purchase and sale of Transportation Capacity in accordance with the Capacity Transfer and Auction Procedures.
- (b) If (or for so long as) a purchase or sale of Transportation Capacity is not validated in accordance with the Capacity Transfer and Auction Procedures, the purchase or sale is disregarded for the purposes of calculating MDQ under this Agreement.
- (c) Where and to the extent permitted by the Capacity Transfer and Auction Procedures, the Purchased Capacity of a Shipper or its MDQ (as applicable) will be reduced and Service Provider's obligation to provide the Services under this Agreement is also reduced to the same extent.
- (d) Shipper may only acquire Transportation Capacity from another Transportation Facility User under a Bilateral Trade if the procedures in that other Transportation



Facility User's contract with Service Provider allowing for the making of Bilateral Trades are complied with by both Shipper and that other Transportation Facility User.

- (e) Where Shipper has acquired Transportation Capacity from another Transportation Facility User under a Bilateral Trade (irrespective of whether that other Transportation Facility User is a Primary Shipper or acquired the Transportation Capacity directly or indirectly from a Primary Shipper by way of Bilateral Trade) Service Provider may, by notice to Shipper, terminate that acquisition at any time where permitted by the contractual arrangements in place between Service Provider and the Primary Shipper under whose Primary Facility Agreement with Service Provider that Transportation Capacity was Reserved.
- (f) Clause 2.2(e) does not apply to Transportation Capacity which has been acquired by way of an Exchange Trade.
- (g) Where by virtue of the National Gas Rules Service Provider is not required to continue to give effect to an Exchange Trade then Service Provider may (with immediate effect) by notice to Shipper reduce Shipper's MDQ to reflect the fact Service Provider has ceased to give effect to the Exchange Trade. Such notice may be given in advance of the time Service Provider is no longer required to give further effect to the Exchange Trade and be expressed to take effect as from that time.

3 Service Standards

Service Provider must provide the Services:

- (a) as a Reasonable and Prudent operator, acting at all times with due care and skill; and
- (b) in accordance with all applicable Laws.

4 Nominations and Scheduling

4.1 *Nominations - Products other than Auction Services*

- (a) This clause 4.1 applies to all Services other than the Auction Services.
- (b) Shipper may nominate for the Services it wishes to use on a Day at any time up to the applicable Nomination Cut-Off Time.
- (c) A nomination for Traded Forward Haul Services involves Shipper specifying:
 - (i) the quantity of Gas Shipper wishes to supply to each Receipt Point in a Zone (up to the Traded Forward Haul Service MDQ for that Zone), each a **Nominated Receipt Point**; and
 - (ii) the quantity of Gas Shipper wishes to take delivery of at each Delivery Point in a Zone (up to the Traded Forward Haul Service MDQ for that Zone), each a **Nominated Delivery Point**.
- (d) A nomination for the Traded Park Service involves Shipper specifying:
 - (i) the quantity of Gas (supplied to Receipt Points under another Service or a Qualifying Facility Agreement) which Shipper wishes to be added to its Park Account; or



- (ii) the quantity of Gas Shipper wishes to be withdrawn from its Park Account for delivery to the Delivery Points under another Service or a Qualifying Facility Agreement,

provided that:

- (iii) Shipper may not store in its Park Account a quantity of Gas in excess of the Traded Park Service MDQ; and
 - (iv) Shipper may not take from its Park Account more Gas than is stored in that Park Account.
- (e) A nomination for the Traded Compression Service involves Shipper specifying the quantity of Gas it wishes to supply to the Compressor Receipt Point for compression on a Day in a Zone and delivery to the Compressor Delivery Point in a Zone up to the Traded Compression Service MDQ for each Zone.

4.2 Nominations - Auction Services

- (a) This clause 4.2 applies to the Auction Services.
- (b) Shipper may nominate for the Services it wishes to use on a Day at any time after completion of the Auction for a Day up to the applicable Nomination Cut-Off Time for that Day.
- (c) A nomination for Forward Haul Auction Service involves Shipper specifying:
 - (i) the quantity of Gas Shipper wishes to supply to the Receipt Point (up to the Forward Haul Auction MDQ for that Receipt Point), the **Nominated Receipt Point**; and
 - (ii) the quantity of Gas Shipper wishes to take delivery of at the Delivery Point (up to the Forward Haul Auction MDQ for that Delivery Point), the **Nominated Delivery Point**.
- (d) A nomination for Backhaul Auction Service involves Shipper specifying:
 - (i) the quantity of Gas Shipper wishes to supply to the Backhaul Receipt Point (up to the Backhaul Auction MDQ for that Receipt Point), the **Nominated Receipt Point**; and
 - (ii) the quantity of Gas Shipper wishes to take delivery of at the Backhaul Delivery Point (up to the Backhaul Auction MDQ for that Delivery Point), the **Nominated Delivery Point**.
- (e) A nomination for the Compression Auction Service involves Shipper specifying the quantity of Gas it wishes to supply to the Compressor Receipt Point (to which the Compression Auction Service relates) for compression on a Day and delivery to the Compressor Delivery Point (to which the Compression Auction Service relates) up to the Compression Auction Service MDQ.

4.3 Nomination Principles

Shipper must ensure that:

- (a) its nominations represent its best estimate of the quantities of Gas it wishes to supply and take delivery of on a Day; and



- (b) it has all necessary arrangements in place with parties upstream of Receipt Points and downstream of Delivery Points to enable Shipper to supply at the Receipt Points the quantities of Gas nominated by Shipper and take at the Delivery Points the quantities of Gas nominated by Shipper.

4.4 Acceptance of Nominations

- (a) In respect of the Traded Compression Service or Compression Auction Service, Service Provider must accept a nomination except to the extent that:
 - (i) there is insufficient available Capacity in the Compressor on a Day to provide all the requirements of Transportation Facility Users nominated for that Day in a manner consistent with preserving the operational integrity of the Compressor;
 - (ii) accepting the nomination would place Service Provider in breach of a Law;
 - (iii) a nomination for the Traded Compression Service exceeds the Traded Compression Service MDQ for a Zone;
 - (iv) a nomination for the Compression Auction Service exceeds the Compression Auction Service MDQ; or
 - (v) Shipper does not have rights under another arrangement required to ensure that it is able to supply Gas to the Compressor Receipt Point and take Gas at the Compressor Delivery Point.
- (b) Service Provider must accept a nomination for any other Services (to the Traded Compression Service or Compression Auction Service) except to the extent that:
 - (i) there is insufficient available Capacity in the Pipeline (including at Nominated Receipt Points or Nominated Delivery Points) on a Day to provide all the requirements of Transportation Facility Users nominated for that Day in a manner consistent with preserving the operational integrity of the Pipeline;
 - (ii) accepting the nomination would place Service Provider in breach of a Law;
 - (iii) scheduling the amounts nominated would (if those amounts were actually received and delivered) result in Shipper's Accumulated Imbalance exceeding the Imbalance Allowance;
 - (iv) an Interconnect Party supplying Gas to Shipper or taking Gas from Shipper notifies Service Provider it will not supply or will not take all or part of the Gas specified in Shipper's nomination;
 - (v) a nomination for the Traded Forward Haul Service exceeds the Traded Forward Haul Service MDQ for the relevant Zones;
 - (vi) a nomination for the Forward Haul Auction Service exceeds the Forward Haul Auction MDQ between the relevant Receipt Point and Delivery Point;
 - (vii) a nomination for the Backhaul Auction Service exceeds the Backhaul Auction MDQ between the relevant Backhaul Receipt Point and Backhaul Delivery Point; or



- (viii) in the case of the Backhaul Auction Service there will be insufficient quantities of Gas transported through the Pipeline in an opposite direction to enable Service Provider to provide (in a manner consistent with preserving the operational integrity of the Pipeline) the Backhaul Auction Service.
- (c) Service Provider may adjust the amounts which would otherwise be scheduled for Shipper so as to ensure Shipper's Accumulated Imbalance will not exceed the Imbalance Allowance (if the scheduled amounts are actually received and delivered).
- (d) Where the quantities of Gas nominated by all Transportation Facility Users for a Day at a Nominated Receipt Point or Nominated Delivery Point exceed the available Capacity then the portion of that Capacity available to Shipper will, subject to clause 14.2, be determined in accordance with the Priority Principles and rule 651 of the National Gas Rules. Subject to clause 14.2, clauses 4.4(b)(ii) to 4.4(b)(viii) and clause 4.4(c) Service Provider must accept Shipper's nomination to the extent that the quantity of Capacity allocated to Shipper through the application of those principles enables it to do so.
- (e) Where the quantities of Gas nominated by all Transportation Facility Users to be compressed on a Day exceed the available Capacity of the Compressor then the portion of that Capacity available to Shipper will be determined in accordance with the Priority Principles and rule 651 of the National Gas Rules. Subject to clauses 4.4(a)(ii) to 4.4(a)(iv), Service Provider must accept Shipper's nomination to the extent that the quantity of Capacity allocated to Shipper through the application of those principles enables it to do so.
- (f) Service Provider is in breach of this Agreement and, subject to the limits of liability in this Agreement and the common law rules for determining compensable loss, liable to Shipper if the insufficient Capacity referred to in clause 4.4(a)(i) or clause 4.4(b)(i) arises due to Service Provider's failure to operate and maintain the Facility as a Reasonable and Prudent operator.

4.5 Other Services

- (a) Clauses 4.1 to 4.4 do not apply to Other Services.
- (b) The nomination procedures for any Other Services provided by Service Provider are as detailed by Service Provider in the Facility Specific Terms.

4.6 Scheduling

- (a) By not later than the applicable Scheduling Time Service Provider must notify Shipper of the quantities of Gas scheduled for transportation or compression for Shipper for each Service, each quantity being the **Scheduled Quantity** for that Service (and such quantities jointly being the **Scheduled Quantities**).
- (b) Scheduling will be undertaken in accordance with the Facility Specific Terms and the requirements of the National Gas Rules (including the Capacity Transfer and Auction Procedures).

4.7 Renominations

- (a) At any time after being notified of its Scheduled Quantities for a Day Shipper may request a variation to a Scheduled Quantity (such a requested variation being a **Renomination**).



- (b) Shipper may not request a Renomination for a Day later than the Renomination Cut-off Time.
- (c) In determining whether to accept a Renomination Service Provider must comply with the Priority Principles and rule 651 of the National Gas Rules to the extent to which they relate to Renominations.
- (d) Service Provider must use its reasonable endeavours to accept a Renomination but such obligation does not require Service Provider to:
 - (i) in respect of the Traded Forward Haul Service accept any variation which would require Service Provider to transport a quantity of Gas in excess of the Traded Forward Haul Service MDQ between the Zones to which that Traded Forward Haul Service MDQ relates;
 - (ii) in respect of the Forward Haul Auction Service accept any variation which would require Service Provider to transport a quantity of Gas in excess of the Forward Haul Auction MDQ between the Receipt Point and Delivery Point to which that Forward Haul Auction MDQ relates;
 - (iii) in respect of the Backhaul Auction Service accept any variation which would require Service Provider to transport a quantity of Gas in excess of the Backhaul Auction MDQ between the Backhaul Receipt Point and Backhaul Delivery Point to which that Backhaul Auction MDQ relates;
 - (iv) in respect of the Traded Compression Service or Compression Auction Service, accept any variation to the extent it would require compression of a volume of Gas in excess of the Traded Compression Service MDQ or Compression Auction Service MDQ (as applicable);
 - (v) accept any variation where to do so would threaten the operational integrity of the Facility;
 - (vi) act inconsistently with the Priority Principles or clause 14.2;
 - (vii) accept a variation which would reduce a Scheduled Quantity at a Receipt Point below the quantity of Gas already supplied by Shipper to that Receipt Point on the relevant Day;
 - (viii) accept a variation which would reduce a Scheduled Quantity at a Delivery Point below the quantity of Gas already taken by Shipper at that Delivery Point on the relevant Day;
 - (ix) accept a variation which would reduce a Scheduled Quantity for the Traded Compression Service or Compression Auction Service below the quantity of Gas already compressed; or
 - (x) accept a variation which would result (if the scheduled amounts were actually received and delivered) in Shipper's Accumulated Imbalance exceeding the Imbalance Allowance.
- (e) Service Provider must notify Shipper as soon as practicable whether and to what extent Service Provider accepts or rejects a Renomination for a Service. To the extent Service Provider has accepted a Renomination it must also notify Shipper of Shipper's revised Scheduled Quantity for that Service.



4.8 Receipt and Delivery Obligations

- (a) Subject to its rights of Curtailment under clause 7, on a Day Service Provider must:
 - (i) accept from Shipper at each Nominated Receipt Point the quantity of Gas scheduled to be supplied by Shipper at that Receipt Point; and
 - (ii) deliver to Shipper at each Nominated Delivery Point the quantity of Gas scheduled to be delivered to Shipper at that Delivery Point.
- (b) Service Provider is not in breach of clause 4.8(a)(i) to the extent it is unable, despite acting as a Reasonable and Prudent operator, to accept Gas at a Receipt Point due to the act or omission of an Interconnect Party upstream of that Receipt Point.
- (c) On a Day Shipper must, subject to any Curtailment under clause 7, supply at each Nominated Receipt Point the quantity of Gas scheduled to be supplied by Shipper at that Receipt Point.
- (d) Service Provider is relieved of the obligation to deliver Gas to Shipper on a Day to the extent this is attributable to Shipper's failure to comply with clause 4.8(c).
- (e) Shipper is not in breach of clause 4.8(c) to the extent it is not able to comply with that clause due to Service Provider's failure to act as a Reasonable and Prudent operator.

4.9 Compression Obligations

- (a) Subject to its rights of Curtailment under clause 7, on a Day Service Provider must:
 - (i) accept from Shipper at the Compressor Receipt Point the quantity of Gas scheduled to be compressed on that Day;
 - (ii) compress that Gas such that its pressure at the Compressor Delivery Point is at the level referred to in the Facility Specific Terms; and
 - (iii) deliver the compressed Gas to Shipper at the Compressor Delivery Point.
- (b) On a Day Shipper must, subject to any Curtailment under clause 7, supply to the Compressor Receipt Point the quantity of Gas scheduled to be compressed on that Day.
- (c) Service Provider is only required to compress Gas to the extent it is supplied by Shipper to the Compressor Receipt Point on the relevant Day.
- (d) Shipper is not in breach of clause 4.9(b) to the extent it is not able to comply with that clause due to Service Provider's failure to act as a Reasonable and Prudent operator.

4.10 Reporting

- (a) Within 4 hours after the end of each Day on which Services are provided to Shipper Service Provider must notify Shipper of:
 - (i) the quantity of Gas supplied by Shipper to each Receipt Point on that Day and in aggregate over all Receipt Points;



- (ii) the quantity of Gas supplied by Shipper to each Receipt Point on that Day under each Service and in aggregate over all Receipt Points for that Service;
 - (iii) the quantity of Gas delivered to Shipper at each Delivery Point on that Day and in aggregate over all Delivery Points;
 - (iv) the quantity of Gas delivered to Shipper at each Delivery Point on that Day under each Service and in aggregate over all Delivery Points for that Service;
 - (v) the quantity of Gas compressed by Service Provider on that Day; and
 - (vi) the information required under clause 8(f) and clause 12.2.
- (b) If Service Provider's ability to provide an item of information referred to in clause 4.10(a) is dependent upon Service Provider obtaining information from a third party then Service Provider is not liable if it cannot provide the information due to the failure of the third party to provide the relevant information to Service Provider provided Service Provider uses its reasonable endeavours to obtain the information. In such case Service Provider must provide the information to Shipper as soon as reasonably practicable after it becomes available to Service Provider. For the purposes of this clause 4.10(b) a Related Body Corporate of Service Provider is not a third party.
- (c) The amounts notified by Service Provider under clause 4.10(a) may be Service Provider's best estimate of the relevant information. If so Service Provider must update the amounts notified as additional information becomes available.
- (d) Service Provider may not levy any Imbalance Charge upon Shipper to the extent it arises due to Shipper relying upon inaccurate information originally provided under clause 4.10(a) prior to the time Shipper is notified of corrections to that information but only to the extent the inaccuracy was attributable to the act or omission of Service Provider.

5 System Use Gas

- (a) Shipper must supply System Use Gas in accordance with the Facility Specific Terms.
- (b) Service Provider must not require Shipper to provide quantities of System Use Gas above those which would be required by a Reasonable and Prudent operator for the safe and efficient operation of the Facility.
- (c) If Service Provider breaches clause 5(b) it must either (as elected by Service Provider) return to Shipper the excess System Use Gas taken by Service Provider (provided Shipper is able to take delivery of and use that System Use Gas), net the excess System Use Gas off against other quantities of System Use Gas Shipper would be required to supply or reimburse Shipper the cost of the excess System Use Gas provided by Shipper.

6 Hourly Limitations

6.1 Requirement to Comply with Hourly Limitations

Shipper must not supply Gas or take delivery of Gas in breach of any Hourly Limitations.



6.2 Hourly Overrun Charge

If Shipper exceeds an Hourly Limitation applicable to Receipt Points or Delivery Points then, if set out in the Facility Specific Terms, Service Provider may levy an Hourly Overrun Charge on Shipper.

7 Curtailment

7.1 General Curtailments

In addition to any other rights under this Agreement to Curtail the Services, Service Provider may Curtail the Services where Service Provider, acting Reasonably and Prudently, considers this is required:

- (a) to undertake Planned Maintenance in respect of the Facility;
- (b) to undertake Unplanned Maintenance in respect of the Facility which Unplanned Maintenance is required to preserve the operational integrity or safe operation of the Facility;
- (c) to take other action (to Unplanned Maintenance) to protect the operational integrity or safe operation of the Facility;
- (d) to address an emergency condition which poses a threat to the safety of persons or of causing material damage to property;
- (e) to comply with any applicable Law;
- (f) due to Force Majeure affecting Service Provider;
- (g) in respect of an Auction Service, due to the impact on Service Provider's ability to provide the Auction Service of a Transportation Facility User (with priority over the Auction Service under the Priority Principles) increasing its nomination for the Day;
- (h) in the case of the Backhaul Auction Service, due to the impact on Service Provider's ability to provide the Backhaul Auction Service of a reduction in the quantity of Gas being transported through the Pipeline in an opposite direction; or
- (i) where for any other reason there is insufficient Capacity in the Facility on a Day to provide all services scheduled for Transportation Facility Users on that Day.

7.2 Liability

Where a circumstance requiring Service Provider to Curtail Shipper under clause 7.1 has arisen due to Service Provider's failure to act as a Reasonable and Prudent operator or any other breach of this Agreement by Service Provider then:

- (a) Service Provider may still Curtail Shipper (where Service Provider acting as a Reasonable and Prudent operator considers this is required); but
- (b) Service Provider is (subject to the limits of liability in this Agreement and the common law rules for determining compensable loss) liable for the existence of the circumstance necessitating the Curtailment to the extent caused by Service Provider's failure to act as a Reasonable and Prudent operator or other breach of this Agreement.



7.3 Shipper Specific Curtailments

In addition to any other rights under this Agreement to Curtail the Services, Service Provider may Curtail the Services where Service Provider, acting as a Reasonable and Prudent operator, considers this is required due to:

- (a) a failure by Shipper to supply at the Receipt Points or a Compressor Receipt Point on a Day the quantity of Gas scheduled to be supplied by Shipper on that Day;
- (b) a failure by Shipper to supply Gas at the Receipt Points or Compressor Receipt Point at the temperature and pressure required by this Agreement;
- (c) Shipper making available at a Receipt Point or Compressor Receipt Point any Off Specification Gas that is not accepted by Service Provider under clause 10.3(a);
- (d) a failure by Shipper to take at the Delivery Points on a Day the quantity of Gas scheduled to be taken by Shipper on that Day;
- (e) Shipper taking at the Delivery Points on a Day a quantity of Gas in excess of that scheduled for Shipper for that Day;
- (f) Shipper exceeding an Hourly Limitation applying under the Facility Specific Terms; or
- (g) any other failure by Shipper to comply with the terms of this Agreement on that Day (whether caused by Shipper's breach of this Agreement or due to Force Majeure affecting Shipper).

7.4 Priority of Curtailments

- (a) Where there is a Curtailment under clause 7.1 and it is necessary for Service Provider to allocate available Capacity of the Facility between Transportation Facility Users (because the gas nominated by or scheduled for Transportation Facility Users on a Day exceeds the available Capacity for that Day) then that allocation will, subject to clause 14.2, be undertaken in accordance with the Priority Principles and rule 651 of the National Gas Rules.
- (b) Where Shipper is being Curtailed under clause 7.3 Shipper may be Curtailed in priority to any other Transportation Facility User.

7.5 Park Account Curtailments

- (a) Where required to give effect to a Curtailment, Service Provider may require Shipper to reduce the balance of its Park Account to the level nominated by Service Provider (**Curtailed Park Balance**) and may revise Shipper's Scheduled Quantities so as to ensure the balance of the Park Account is so reduced.
- (b) Where despite Service Provider's direction to Shipper and adjustment of Scheduled Quantities the balance of the Park Account has not been reduced to the level required by Service Provider by the end of the Day following the Day of Service Provider's direction (or by such earlier period as required by Service Provider to preserve the operational integrity of the Pipeline) then the excess quantity (by which the balance of the Park Account exceeds the quantity required by Service Provider) will be transferred to Shipper's Accumulated Imbalance (as though that excess quantity were Gas supplied by Shipper into the Pipeline).



7.6 Giving Effect to Curtailments

- (a) This clause 7.6 applies subject to any requirements of the National Gas Rules.
- (b) Where Service Provider is able to give effect to a Curtailment for a Day prior to the commencement of that Day, then Service Provider may do so by adjusting Shipper's Scheduled Quantities.
- (c) Where Service Provider needs to give effect to a Curtailment for a Day after that Day has commenced, Service Provider may give effect to a Curtailment by:
 - (i) issuing a notice to Shipper requiring Shipper to adjust its receipts or deliveries (including ceasing use of a Receipt Point or Delivery Point on that Day) in accordance with the notice within the time specified in the notice; or
 - (ii) Service Provider itself taking action to adjust receipts or deliveries (including closing valves at Receipt Points or Delivery Points or giving instructions directly to persons supplying Gas to Shipper at the Receipt Points or taking delivery of Gas from Shipper at the Delivery Points),and in either case Service Provider must notify Shipper of the amount by which Shipper's Scheduled Quantities have been reduced.
- (d) A notice issued under clause 7.6(c) must:
 - (i) where the notice is served under clause 7.1, allow Shipper such time as Service Provider, as a Reasonable and Prudent operator, is reasonably able to allow Shipper to comply with the notice (without adversely affecting the operational integrity of the Facility or creating a risk of Service Provider incurring liability to Transportation Facility Users); and
 - (ii) where the notice is served under clause 7.3, allow Shipper at least one hour to comply with the notice, provided that Service Provider may reduce such time period where, as a Reasonable and Prudent operator, Service Provider considers this is required to preserve the operational integrity of the Facility or avoid Service Provider incurring liability to Transportation Facility Users.

8 Park Account

- (a) Where Shipper has a Traded Park Service MDQ of greater than zero, then Service Provider will maintain for Shipper a Park Account (which account will record the quantity of Gas Shipper has stored in the Pipeline) as determined in accordance with clauses 8(b), 8(c), 8(d) and 8(e).
- (b) The balance of the Park Account at any time is:
 - (i) the quantity of Gas delivered into the Park Account over the Term as determined in accordance with clause 8(c); less
 - (ii) the quantity of Gas withdrawn from the Park Account over the Term as determined in accordance with clause 8(d).
- (c) The quantity of Gas delivered into the Park Account on a Day is the lesser of:



- (i) the quantity of Gas scheduled for delivery into the Park Account on that Day (as that scheduled quantity may be reduced due to any Curtailment); and
- (ii) the actual quantity of Gas (excluding Gas supplied on account of System Use Gas) supplied by Shipper into the Pipeline on the Day under:
 - (A) this Agreement; or
 - (B) subject to the terms of the Qualifying Facility Agreement, under a Qualifying Facility Agreement which Shipper and Service Provider have agreed will be used to deliver Gas into the Park Account,

provided that the maximum quantity of Gas which will be regarded as delivered into the Park Account on a Day is such quantity as causes the balance of the Park Account to equal the Allowable Park Balance.

- (d) The quantity of Gas withdrawn from the Park Account on a Day is the lesser of:
 - (i) the quantity of Gas scheduled for withdrawal from the Park Account on that Day (as that scheduled quantity may be reduced due to any Curtailment); and
 - (ii) the actual quantity of Gas (excluding System Use Gas) delivered to Shipper from the Pipeline on the Day under:
 - (A) this Agreement; or
 - (B) subject to the terms of the Qualifying Facility Agreement, under a Qualifying Facility Agreement which Shipper and Service Provider have agreed will be used to accept Gas withdrawn from the Park Account,

provided that the maximum quantity of Gas which may be withdrawn from the Park Account on a Day is the balance of that Park Account.

- (e) Where due to a decrease in the Allowable Park Balance the balance of the Park Account exceeds the Allowable Park Balance then that excess will be transferred to Shipper's Accumulated Imbalance (and treated as a quantity of Gas supplied by Shipper into the Pipeline).
- (f) Within 4 hours after the end of each Day Service Provider must notify Shipper of:
 - (i) the balance of the Park Account;
 - (ii) the quantity of Gas supplied into the Park Account on that Day; and
 - (iii) the quantity of Gas taken from the Park Account on that Day.

9 Maintenance

9.1 Planned Maintenance

- (a) Service Provider may undertake such Planned Maintenance in respect of the Facility as Service Provider, as a Reasonable and Prudent operator, considers is required.



- (b) On or about the beginning of each year Service Provider must provide to Shipper a plan (**Maintenance Plan**) setting out:
 - (i) a general description of the Maintenance Service Provider proposes to conduct during that year; and
 - (ii) the impact that Maintenance is estimated by Service Provider to have on the available Capacity of the Facility.
- (c) Service Provider may at any time amend the current Maintenance Plan by 7 days' notice to Shipper.
- (d) A Maintenance Plan may be provided to Shipper by being published on Service Provider's website (including a secured part of that website, provided Shipper is able to access that part of the website).
- (e) Service Provider is not required to provide a separate Maintenance Plan to Shipper if all the information referred to in clause 9.1(b) is included in information published by Service Provider under the National Gas Rules. For the purposes of the definition of Planned Maintenance any information so published will be regarded as having been included in a Maintenance Plan.

9.2 *Unplanned Maintenance*

- (a) Unplanned Maintenance is Maintenance Service Provider could not reasonably be expected to include in the current version of the Maintenance Plan or in information published by Service Provider under the National Gas Rules.
- (b) If Service Provider becomes aware it may have to undertake Unplanned Maintenance it must give Shipper as much notice as practicable of this fact, which notice must set out Service Provider's best estimate of the impact of that Unplanned Maintenance on the available Capacity of the Facility and on Service Provider's ability to provide Services to Shipper.
- (c) This clause does not apply to Unplanned Maintenance undertaken during a period for which Shipper has no MDQ.

10 Gas Quality

10.1 *Obligation to ensure Gas Complies with Gas Specification*

Shipper must:

- (a) ensure all Gas supplied by Shipper to the Receipt Points or at a Compressor Receipt Point meets the Gas Specification; and
- (b) notify Service Provider as soon as practicable if Shipper becomes aware or has grounds to suspect that Gas being supplied or to be supplied by Shipper to a Receipt Point or Compressor Receipt Point does not comply with the Gas Specification or there is a material and probable threat that such Gas will not comply with the Gas Specification, which notification must specify, to the extent known by Shipper, the extent of non-compliance with the Gas Specification.



10.2 Service Provider Notification

Service Provider must notify Shipper as soon as practicable if Service Provider becomes aware that Gas supplied by Shipper at a Receipt Point or Compressor Receipt Point does not comply with the Gas Specification.

10.3 Acceptance of Off Specification Gas

- (a) Within 2 hours of Service Provider becoming aware that Gas supplied, or to be supplied, by Shipper is or may be Off Specification Gas Service Provider must notify Shipper whether or not, and if so to what extent, Service Provider will accept delivery of that Gas. If Service Provider fails to give such a notice, Service Provider is taken to have not accepted the Off Specification Gas.
- (b) It is at Service Provider's absolute discretion whether, and to what extent, Service Provider agrees to accept delivery of Off Specification Gas.
- (c) Any acceptance of Off Specification Gas by Service Provider may:
 - (i) specify a maximum volume of Off Specification Gas Service Provider is prepared to accept; and
 - (ii) specify parameters with which Off Specification Gas must comply (such that Service Provider will not be taken to have accepted Off Specification Gas which does not comply with those parameters).
- (d) Service Provider may, at any time after Service Provider has agreed to accept Off Specification Gas, notify Shipper that Service Provider will no longer accept such Gas which notice will take effect 2 hours after Shipper receives such notice from Service Provider.
- (e) Where Service Provider notifies Shipper that Service Provider will accept Off Specification Gas then Shipper may, without incurring liability on account of the supply of that Off Specification Gas, supply such Off Specification Gas to the Receipt Point or Compressor Receipt Point provided that:
 - (i) Shipper complies with any conditions imposed by Service Provider under clause 10.3(c); and
 - (ii) Shipper must cease the supply of such Gas as from the time a notice given by Service Provider under clause 10.3(d) takes effect.
- (f) Any references in this clause 10 to Off Specification Gas which Service Provider has agreed to accept do not include Off Specification Gas supplied by Shipper in breach of any conditions imposed by Service Provider under clause 10.3(c) or Off Specification Gas supplied after the time a notice under clause 10.3(d) takes effect.
- (g) If Service Provider does not accept Off Specification Gas or if Shipper notifies Service Provider that Shipper does not wish to supply Off Specification Gas into the Facility, then Service Provider must use reasonable endeavours to prevent such Off Specification Gas entering the Facility.

10.4 Actions in Response to Off Specification Gas

- (a) Unless Service Provider notifies Shipper that Service Provider will accept Off Specification Gas, Shipper must cease the supply of Off Specification Gas to the Receipt Point or Compressor Receipt Point as soon as is possible.



- (b) Irrespective of whether or not Service Provider agrees to accept Off Specification Gas, upon becoming aware that Gas being supplied, or to be supplied, by Shipper does not comply with the Gas Specification, or there is a material and probable threat such Gas will not comply with the Gas Specification, Shipper must take all necessary measures to ensure Gas that it supplies into the Facility complies with the Gas Specification.
- (c) Where Shipper is supplying, or has notified Service Provider that it will supply, or there is a material and probable threat it will supply, Off Specification Gas to a Receipt Point or to the Compressor Receipt Point and Service Provider has not agreed to accept that Gas then Service Provider may take such action as Service Provider considers as a Reasonable and Prudent operator is required to prevent the supply of such Gas into the Facility, including closing or restricting supply at any Receipt Point or Compressor Receipt Point.
- (d) Where Off Specification Gas is supplied by Shipper into the Facility and Service Provider has not agreed to accept that Gas then Service Provider must, as a Reasonable and Prudent operator, use reasonable endeavours to take (having regard to the technical characteristics and limitations of the Facility) all technically and feasible steps to minimise the impact (or, if possible, avoid any impact) of that Gas on the safety and operational integrity of the Facility and on Service Provider's ability to fulfil its contractual obligations to Transportation Facility Users. Such steps may include blending the Off Specification Gas with Gas which does meet the Gas Specification.
- (e) Where Service Provider flares, vents or combusts any Gas supplied by Shipper as a result of Shipper supplying Off Specification Gas into the Facility (which Gas Service Provider has not agreed to receive), then for the purposes of calculating Shipper's Daily Imbalance such Gas will be treated as having been delivered by Service Provider to Shipper.
- (f) Service Provider has no liability for failure to receive Gas from or deliver Gas to Shipper (or for Curtailing the receipt of Gas from or delivery of Gas to Shipper) to the extent that failure or Curtailment is a consequence of any steps taken by Service Provider under clause 10.3(g), 10.4(c) or clause 10.4(d) (including without limitation taking the steps contemplated by clause 10.4(e)).

10.5 Indemnity

- (a) Subject to clauses 10.5(b) and 10.5(c), Shipper must indemnify Service Provider and keep Service Provider indemnified against all Losses suffered or incurred by Service Provider due to each of the following:
 - (i) Shipper supplying Off Specification Gas into the Facility; and
 - (ii) the measures taken by Service Provider as a Reasonable and Prudent operator to deal with such Off Specification Gas.
- (b) Clause 10.5(a) does not apply to the supply of Off Specification Gas which Service Provider has agreed to accept and Shipper has no liability to Service Provider under the indemnity or at common law (whether for breach of contract, negligence or on any other legal basis whatsoever) due to the supply of Off Specification Gas which Service Provider has agreed to accept.



- (c) Clause 10.5(a) does not apply to Losses which Service Provider would have avoided had Service Provider complied with its obligations under this Agreement, including its obligation to act as a Reasonable and Prudent operator and Shipper has no liability to Service Provider under the indemnity or at common law (whether for breach of contract, negligence or on any other legal basis whatsoever) in respect of such Losses.
- (d) Where Shipper and others Transportation Facility Users have supplied a commingled stream of Off Specification Gas (for example because Shipper and those Transportation Facility Users have acquired the Off Specification Gas from the same source) then Shipper's liability to Service Provider (under the indemnity and at common law) is capped at a pro-rata share of the Losses suffered by Service Provider, such pro-rata share being determined by reference to the proportion of the Off-Specification Gas which was supplied by Shipper.
- (e) Shipper's aggregate liability under the indemnity in clause 10.5(a) and for any common law damages claim in respect of the matters to which that indemnity relates (whether for breach of contract, negligence or on any other legal basis whatsoever) is capped at \$20 million per event or connected series of events.

10.6 Gas Specification at Delivery Points

- (a) Service Provider must ensure Gas delivered by Service Provider to the Delivery Points or Compressor Delivery Point complies with the Gas Specification.
- (b) Service Provider is not in breach of clause 10.6(a) to the extent:
 - (i) Gas does not comply with the Gas Specification because Shipper has supplied Off Specification Gas to Service Provider (whether or not Service Provider has agreed to accept that Off Specification Gas); or
 - (ii) Shipper has agreed to accept the delivery of the Off Specification Gas; or
 - (iii) Off Specification Gas has been supplied into the Pipeline or to the Compressor by another Transportation Facility User without Service Provider's consent and Service Provider was not, as a Reasonable and Prudent operator, able to prevent the delivery of that Gas to Shipper.
- (c) If a Party becomes aware that Gas being delivered or to be delivered to a Delivery Point or Compressor Delivery Point does not comply with the Gas Specification or there is a material and probable threat that such Gas will not comply with the Gas Specification it must as soon as is practicable give notice to the other Party.
- (d) If Shipper does not wish to accept delivery of Off Specification Gas then Shipper must take such steps, within its control, to ensure Shipper does not take delivery of that Gas.

11 Pressure and Temperature

11.1 Pressure

- (a) Shipper must supply Gas to a Receipt Point within the pressure range specified in the Facility Specific Terms.
- (b) Shipper must supply Gas to the Compressor Receipt Point within the pressure range specified in the Facility Specific Terms.



- (c) Subject to Shipper complying with clause 11.1(a), Service Provider must deliver Gas to a Delivery Point within the pressure range specified in the Facility Specific Terms.
- (d) Subject to Shipper complying with clause 11.1(b), Service Provider must ensure that once compressed Shipper's Gas is within the pressure range specified in the Facility Specific Terms.

11.2 Temperature

- (a) Shipper must supply Gas to a Receipt Point or to the Compressor Receipt Point within the temperature range specified in the Facility Specific Terms.
- (b) Subject to Shipper complying with clause 11.2(a), Service Provider must deliver Gas to a Delivery Point or Compressor Delivery Point within the temperature range specified in the Facility Specific Terms.

11.3 Odourisation

- (a) If the Facility Specific Terms provide that a Party is responsible for odourisation of Gas then that Party must ensure Gas it supplies into the Pipeline is odourised to the standards required by the Facility Specific Terms.
- (b) If Service Provider is responsible for the odourisation of Gas and if so provided by the Facility Specific Terms then Shipper must pay Service Provider the Odourisation Charge for Service Provider so odourising the Gas.

12 Imbalance

12.1 Obligation to Balance

Shipper must use its reasonable endeavours to ensure that as at the end of each Day Shipper's Accumulated Imbalance is zero.

12.2 Service Provider's Obligations

Within 4 hours after the end of each Day, Service Provider must notify Shipper of its Accumulated Imbalance as at the end of that Day.

12.3 Imbalance Charge

- (a) Where, as at the end of a Day, Shipper's Accumulated Imbalance exceeds the Imbalance Allowance then an Imbalance Charge will be payable by Shipper as determined in accordance with the Facility Specific Terms.
- (b) Shipper's liability to pay an Imbalance Charge will be reduced if and to the extent Shipper's Accumulated Imbalance arises:
 - (i) due to Service Provider providing incorrect information to Shipper; or
 - (ii) due to Service Provider's failure to perform its obligations under this Agreement (including failures arising due to Force Majeure affecting Service Provider).

12.4 Correction of Imbalance

- (a) Where:



- (i) Shipper's Accumulated Imbalance (whether during or at the end of a Day) exceeds the Imbalance Allowance; or
- (ii) Service Provider, as a Reasonable and Prudent operator, considers that Shipper's Accumulated Imbalance at the end of a Day will exceed the Imbalance Allowance or such lower level nominated in the Facility Specific Terms as being the level applicable for the purposes of this clause 12.4(a)(ii),

and in Service Provider's opinion (as a Reasonable and Prudent operator) that Accumulated Imbalance is materially impeding or will materially impede the ongoing safe and reliable operation of the Pipeline, adversely impact Service Provider's ability to provide services to a Transportation Facility User or cause Service Provider to incur liability to another Transportation Facility User then Service Provider may issue a notice to Shipper requiring Shipper to adjust its receipts or deliveries in accordance with that notice (and within the time specified in that notice).

- (b) If Shipper fails to comply with a notice issued by Service Provider under clause 12.4(a) then Service Provider may take such action as it, acting to the standard of a Reasonable and Prudent operator, considers is required to give effect to the notice including closing or restricting supply or take at Receipt Points or Delivery Points.
- (c) A notice issued by Service Provider under clause 12.4(b) must:
 - (i) not require action beyond that which is required to ensure the Accumulated Imbalance does not have an effect referred to in clause 12.4(a); and
 - (ii) allow Shipper at least 4 hours to comply with the notice, unless Service Provider (as a Reasonable and Prudent operator) considers it necessary to shorten this time period to avoid an effect referred to in clause 12.4(a).

12.5 Imbalance Trading

- (a) Shipper may exchange all or part of its Accumulated Imbalance for an equal but opposite quantity of another Transportation Facility User's imbalance on such terms as Shipper may agree with that other Transportation Facility User, provided that notice of the exchange is received by Service Provider from both Shipper and that other Transportation Facility User and that the notice provided by Shipper and the other Transportation Facility User nominates the same amount of imbalance to be traded. If the Shipper and the other Transportation Facility User wish the trade to be effected after the time they serve the notice this must be nominated in the notice served by each of them and the same time must be nominated.
- (b) Where an exchange is made then Shipper's Accumulated Imbalance and the imbalance of the other Transportation Facility User will be adjusted as from the later of the time Service Provider has received notice of the trade from each of Shipper and the other Transportation Facility User and such time nominated in the notice served by each of Shipper and the Transportation Facility User.
- (c) Service Provider is not required to give effect to a trade:
 - (i) if it would result in Shipper's Accumulated Imbalance exceeding the Imbalance Allowance or the imbalance of the Transportation Facility User exceeding the amount allowed under its Facility Agreement; or



- (ii) where the exchange is to be made after the time Service Provider is notified of the exchange, if at that time this Agreement or the Transportation Facility User's Facility Agreement are no longer in effect.
- (d) No exchange under clause 12.5(a) affects Shipper's liability to pay any Imbalance Charges accrued prior to the time of the exchange.
- (e) In this clause 12.5 a reference to the imbalance of another Transportation Facility User is to an imbalance calculated in a similar way to the means by which Shipper's Accumulated Imbalance is calculated.

12.6 Accumulated Imbalance at end of a Trade

Within 24 hours of Shipper's Traded Forward Haul Service MDQ reducing to zero (that is due to expiry of the service term of a Purchased Product such that Shipper has no current Traded Forward Haul Service MDQ) Shipper must ensure it reduces its Accumulated Imbalance to zero. If Shipper fails to do so then:

- (a) Shipper must pay the Unauthorised Imbalance Charge set out in the Facility Specific Terms until such time as the Accumulated Imbalance is reduced to zero; and
- (b) Service Provider may take such steps as it considers necessary to reduce the Accumulated Imbalance to zero including buying or selling gas (including gas represented by any positive Accumulated Imbalance of Shipper) and may recover from Shipper the costs it incurs in taking such steps.

12.7 Auction Service

- (a) The Imbalance Allowance for the Forward Haul Auction Service and Backhaul Auction Service is zero.
- (b) If at the end of a Day for which Shipper's Imbalance Allowance was zero (because on that Day Shipper was only entitled to Auction Services) Shipper's Accumulated Imbalance exceeds zero then Shipper must ensure it immediately reduces its Accumulated Imbalance to zero. If Shippers fails to do so then:
 - (i) Shipper must pay the Unauthorised Imbalance Charge set out in the Facility Specific Terms until such time as the Accumulated Imbalance is reduced to zero; and
 - (ii) Service Provider may take such steps as it considers necessary to reduce the Accumulated Imbalance to zero including buying or selling gas and may recover from Shipper the costs it incurs in taking such steps.

13 Unauthorised Overrun

13.1 Receipt Overrun

- (a) Shipper must not (without the consent of Service Provider) supply:
 - (i) at the Receipt Points on a Day a quantity of Gas in excess of the quantity scheduled by Service Provider for supply by Shipper to the Receipt Points on that Day; or
 - (ii) where Service Provider also schedules a quantity of Gas for an individual Receipt Point (or group of Receipt Points, for example Receipt Points within a Zone), a quantity of Gas in excess of the quantity so scheduled.



- (b) To avoid doubt failure by Shipper to comply with clause 13.1(a) is a breach of this Agreement.
- (c) References in clause 13.1(a) to quantities scheduled mean the Scheduled Quantities as then varied by any Curtailment or any requested variation by Shipper which is accepted by Service Provider, provided Shipper is not liable to Service Provider, or in breach of this Agreement, if prior to the time a Curtailment takes effect it has already supplied a quantity of Gas in excess of the reduced Scheduled Quantity (but not in excess of the original Scheduled Quantity).

13.2 Delivery Overrun

- (a) Shipper must not (without the consent of Service Provider) take:
 - (i) at the Delivery Points on a Day a quantity of Gas in excess of the quantity scheduled by Service Provider for delivery to Shipper at the Delivery Points on that Day; or
 - (ii) where Service Provider also schedules a quantity of Gas for an individual Delivery Point (or group of Delivery Points, for example Delivery Points within a Zone), a quantity of Gas in excess of the quantity so scheduled.
- (b) To avoid doubt failure by Shipper to comply with clause 13.2(a) is a breach of this Agreement.
- (c) References in clause 13.2(a) to quantities scheduled mean the Scheduled Quantities as then varied by any Curtailment or any requested variation by Shipper which is accepted by Service Provider, provided Shipper is not liable to Service Provider, or in breach of this Agreement, if prior to the time a Curtailment takes effect it has already taken delivery of a quantity of Gas in excess of the reduced Scheduled Quantity (but not in excess of the original Scheduled Quantity).

13.3 Compressor Quantities

- (a) Shipper must not (without the consent of Service Provider) supply to the Compressor on a Day or take from the Compressor on a Day a quantity of Gas in excess of that quantity scheduled by Service Provider to be compressed for Shipper on that Day.
- (b) To avoid doubt failure by Shipper to comply with clause 13.3(a) is a breach of this Agreement.
- (c) References in clause 13.3(a) to quantities scheduled mean the Scheduled Quantities as then varied by any Curtailment or any requested variation by Shipper which is accepted by Service Provider, provided Shipper is not liable to Service Provider, or in breach of this Agreement, if prior to the time a Curtailment takes effect it has already supplied or taken a quantity of Gas in excess of the reduced Scheduled Quantity (but not in excess of the original Scheduled Quantity).

13.4 Overrun Charges

Where Shipper supplies or takes delivery of Gas in breach of clause 13.1, clause 13.2 or clause 13.3 then (without limiting any other remedies and rights to compensation available to Service Provider), in respect of the excess Gas supplied or taken by Shipper, Shipper must pay such Unauthorised Overrun Charge as determined in accordance with the Facility Specific Terms.



14 Use of Delivery Points and Receipt Points

14.1 Commencement of Use

- (a) Subject to this clause 14.1 Shipper may use for the Traded Forward Haul Service any Receipt Point within a Zone to which Shipper's MDQ relates and any Delivery Point within the Zone to which Shipper's MDQ relates.
- (b) For clarity, clause 14.1(a) does not apply to Auction Services.
- (c) Where Service Provider is prohibited by an existing contract to which Service Provider is party from permitting Shipper using a Receipt Point or Delivery Point until Shipper or Service Provider has obtained the consent of existing Transportation Facility Users using that point then Shipper may not commence using that Receipt Point or Delivery Point until Shipper or Service Provider have obtained that consent (provided this does not apply to any consent of a Transportation Facility User where the requirement to obtain that consent arises under a contractual provision entered into on or after 3 January 2018).
- (d) Where Service Provider is prohibited by a contract to which Service Provider is party from permitting Shipper using a Receipt Point or Delivery Point until Shipper has agreed allocation procedures with the existing Transportation Facility Users using that point then Shipper may not commence using that Receipt Point or Delivery Point until it has agreed those procedures.
- (e) Service Provider must provide to Shipper all necessary co-operation to enable Shipper to obtain any consent referred to in clause 14.1(c) or to agree procedures referred to in clause 14.1(d) as soon as reasonably practicable after Shipper notifies Service Provider that it wishes to use the relevant Receipt Point or Delivery Point.
- (f) Where there is an existing allocation agreement for a Receipt Point or Delivery Point which contemplates and provides for new users of the Receipt Point or Delivery Point to accede to that agreement, and contemplates they will do so before commencing use of the point, then Shipper must sign such documents as required to enable it to accede to that agreement before it may commence use of that Receipt Point or Delivery Point. Service Provider must provide all necessary co-operation to assist Shipper to accede to such agreement.

14.2 Capacity

- (a) Where the available Capacity at a Receipt Point or Delivery Point is insufficient to meet all the requirements of Transportation Facility Users on a Day then the available Capacity is allocated in the following order of priority:
 - (i) first to Primary Shippers to the extent:
 - (A) they are seeking to utilise that Capacity for the provision of Firm Transportation Services; and
 - (B) they have Reserved Capacity at the relevant Receipt Point or Delivery Point;
 - (ii) then to Primary Shippers (including any Primary Shippers referred to in clause 14.2(a)(i) to the extent their requirements for Firm Transportation Services are in excess of the Capacity they have Reserved at the relevant Receipt Point or Delivery Point) and Secondary Shippers to the extent



required for the provision to them of Firm Transportation Services (including Traded Forward Haul Services);

- (iii) then to Transportation Facility Users to the extent required for the provision to them of Forward Haul Auction Services; and
 - (iv) the remaining Capacity (after the allocations referred to above have been made) will be allocated in accordance with the Priority Principles.
- (b) Subject to clause 14.2(a), shortfalls in Capacity of a Receipt Point or Delivery Point (below the quantities of Gas Transportation Facility Users wish to supply to or take at that Receipt Point or Delivery Point) will be allocated in accordance with the Priority Principles and rule 651 of the National Gas Rules.

14.3 Charges

- (a) Where Service Provider is contractually obliged to pay an amount to existing Transportation Facility Users using a Receipt Point or Delivery Point if new Transportation Facility Users use such Receipt Point or Delivery Point (for example because those existing Transportation Facility Users funded the cost of the Receipt Point or Delivery Point) then Service Provider may charge to Shipper the amount Service Provider is required to pay on account of Shipper's use of the Receipt Point or Delivery Point.
- (b) Where Shipper notifies Service Provider it wishes to use a Receipt Point or Delivery Point and clause 14.3(a) applies to that Receipt Point or Delivery Point, Service Provider must provide to Shipper such information as reasonably required by Shipper to explain how such charges will be calculated.

14.4 Changes in Receipt Points and Delivery Points

Shipper may in accordance with rule 643 of the National Gas Rules request that Shipper be able to supply Gas to or take Gas under the Traded Forward Haul Service at a Receipt Point or Delivery Point outside the Zone or Zones to which Shipper's Traded Forward Haul Service Purchased Products relate.

14.5 Compression

- (a) Shipper may use the Traded Compression Service at any Compressor Receipt Point within the Zone to which Shipper's Traded Compression Service MDQ relates and any Compressor Delivery Point within the Zone to which Shipper's Traded Compression Service MDQ relates.
- (b) Where the available Capacity at a Compressor Receipt Point or Compressor Delivery Point is insufficient to meet all the requirements of Transportation Facility Users on a Day then the available Capacity is allocated in the following order of priority:
 - (i) first to Primary Shippers to the extent:
 - (A) they are seeking to utilise that Capacity for the provision of Firm Compression Services; and
 - (B) they have Reserved Capacity at the relevant Compressor Receipt Point or Compressor Delivery Point;



- (ii) then to Primary Shippers (including any Primary Shippers referred to in clause 14.5(b)(i) to the extent their requirements for Firm Compression Services are in excess of the Capacity they have Reserved at the relevant Compressor Receipt Point or Compressor Delivery Point) and Secondary Shippers to the extent required for the provision to them of Firm Compression Services (including Traded Compression Services);
 - (iii) then to Transportation Facility Users to the extent required for the provision to them of Compression Auction Services; and
 - (iv) the remaining Capacity (after the allocations referred to above have been made) will be allocated in accordance with the Priority Principles.
- (c) Subject to clause 14.2(b), shortfalls in Capacity at a Compressor Receipt Point or Compressor Delivery Point (below the quantities that Gas Transportation Facility Users wish to supply to or take at that Compressor Receipt Point or Compressor Delivery Point) will be allocated in accordance with the Priority Principles and rule 651 of the National Gas Rules.

15 Metering and Apportionment

15.1 Apportionment

Where more than one Transportation Facility User uses a Receipt Point or Delivery Point or has Gas compressed by a Compressor then the quantities of Gas supplied by or delivered to or compressed for those Transportation Facility Users will be determined:

- (a) in accordance with any apportionment procedure agreed between all the Transportation Facility Users of the Receipt Point or Delivery Point or Compressor, provided such procedure is acceptable to Service Provider acting reasonably; and
- (b) otherwise in accordance with such reasonable method nominated by Service Provider and notified to Shipper and the other Transportation Facility Users using the Receipt Point or Delivery Point or Compressor which methods may (without in any way limiting what is a reasonable method) include:
 - (i) that allocations will be undertaken by a third party such as a gas producer (or by Service Provider in accordance with a methodology advised by a third party) where this is consistent with existing practice at the Receipt Point or Delivery Point;
 - (ii) pro-rata allocation; and
 - (iii) where the Delivery Point is an inlet to a hub (as defined in Part 20 of the National Gas Rules) that allocations are consistent with the rules governing that hub.

15.2 Metering

- (a) The measurement and testing of Gas at Receipt Points and Delivery Points or a Compressor (or Compressor Receipt Point and Compressor Delivery Point) will be undertaken in accordance with the Metering Principles set out in the Facility Specific Terms.
- (b) Service Provider must permit representatives of Shipper to attend any test of metering equipment owned or controlled by Service Provider and, subject to clause



15.2(c), must ensure Shipper is given at least 7 days' notice of each such test (unless a test needs to be conducted urgently in which case Service Provider must give Shipper as much notice as is practicable in the circumstances).

- (c) Service Provider is only required to give Shipper notice of tests under clause 15.2(b) in respect of such Receipt Points and Delivery Points or Compressor:
 - (i) which Shipper has a right to use under this Agreement; and
 - (ii) in respect of which Shipper has notified Service Provider it wants to receive notice of tests.
- (d) Shipper may request a test be undertaken of metering equipment owned or controlled by Service Provider if Shipper has reasonable grounds to believe such metering equipment may not be recording accurately. Service Provider must arrange such a test within 14 days of request and must permit representatives of Shipper be present at such test and provide to them the results of the test. Shipper must pay the costs of undertaking such test (provided they are reasonable) unless the results of the test show the metering equipment is not operating within the margins of accuracy set out in the Metering Principles.

16 Title, Risk, Responsibility and Co-ordination

16.1 Title

- (a) Title to Gas supplied by Shipper to Service Provider remains with Shipper.
- (b) Clause 16.1(a) applies subject to any provisions in the Facility Specific Terms relating to changes in title to System Use Gas.
- (c) Shipper warrants that at the time of supply of Gas to Service Provider, it has good title to that Gas, free and clear of all liens, encumbrances and claims inconsistent with Service Provider's operation of the Facility.
- (d) Unless provided otherwise in the Facility Specific Terms, title to the Pipeline's Linepack is held by Service Provider.

16.2 Commingling

- (a) Service Provider may commingle Gas supplied by Shipper to Service Provider with other Gas in the Pipeline or the Compressor and subject that Gas to compression, cleaning and other processes required for its operation of the Facility as a Reasonable and Prudent operator.
- (b) By delivering Gas to Shipper at the Delivery Points or Compressor Delivery Point Service Provider will be deemed to have delivered Shipper's Gas to Shipper. Such Gas delivered at the Delivery Points or Compressor Delivery Point will be deemed to be that received by Service Provider from Shipper at the Receipt Points or Compressor.

16.3 Responsibility for Gas

- (a) Shipper is in control and possession of Gas prior to its supply to Service Provider at the Receipt Points or Compressor Receipt Point and after its delivery to Shipper at the Delivery Points or Compressor Delivery Point.



- (b) Service Provider is in control and possession of Gas following receipt of the Gas from Shipper at the Receipt Points or Compressor Receipt Point and prior to delivery of the Gas to Shipper at the Delivery Points or Compressor Delivery Point.
- (c) Subject to the other provisions of this Agreement (including without limitation clause 10), Shipper has no responsibility or liability with respect to any Gas after it has been supplied to Service Provider at the Receipt Points on account of anything which may be done, happen or arise with respect to that Gas prior to its delivery to the Delivery Points.
- (d) Subject to clause 10.6, Service Provider has no responsibility or liability with respect to any Gas prior to its supply to Service Provider at a Receipt Point or after its delivery to Shipper at a Delivery Point on account of anything which may be done, happen or arise with respect to that Gas prior to receipt at the Receipt Point or after delivery at the Delivery Point.

16.4 Co-ordination of operations

- (a) The Parties must consult and co-operate in relation to the operation of the Facility and facilities immediately upstream and downstream of the Facility with a view to facilitating safe and efficient operations in accordance with applicable Law and in accordance with good industry practice as applied by Reasonable and Prudent operators.
- (b) Shipper must use all reasonable endeavours to co-ordinate Gas dispatching and operational matters with Service Provider and with relevant Interconnect Parties.
- (c) If a Party is aware of circumstances which, in its reasonable opinion acting as a Reasonable and Prudent operator:
 - (i) threaten the operational integrity of the Facility or any facilities upstream or downstream of the Facility; or
 - (ii) adversely affect the ability of Shipper to supply Gas to the Receipt Points or Compressor Receipt Point or take delivery of Gas at the Delivery Points or Compressor Delivery Point,

then it must immediately advise the other Party, and (if appropriate) any affected Interconnect Parties. The Parties must consult and co-operate with each other, and with affected Interconnect Parties, to take all reasonable actions, including changes to receipts and deliveries of Gas, to alleviate the adverse circumstances promptly.

17 Liability

17.1 Shipper's Liability

- (a) Shipper must indemnify Service Provider and keep Service Provider indemnified against all Losses suffered or incurred by Service Provider (other than Service Provider's loss of profits or revenue) due to claims against Service Provider by:
 - (i) another Transportation Facility User; and
 - (ii) a person into whose infrastructure the Facility connects,due to Shipper's breach of this Agreement or negligent act or omission in connection with this Agreement.



- (b) Shipper must indemnify Service Provider and keep Service Provider indemnified against any liability Service Provider incurs to a Subshipper of Shipper due to a failure by Service Provider to provide Services to Shipper (of which Services the Subshipper makes use via the Shipper) to the extent that such liability, when aggregated with any liability Service Provider incurs to Shipper, exceeds a monetary cap on liability in clause 17.2.
- (c) To the extent Service Provider incurs any liability to a Subshipper of the type described in clause 17.1(b) (for which Service Provider is not indemnified under clause 17.1(b)) then for the purposes of applying the liability caps in this Agreement that liability will be treated as if it had been incurred to Shipper (and consequently, unless arising due to Wilful Misconduct, will be taken into account in determining the extent to which the liability caps have been used).
- (d) Nothing in clause 17.1(b) or clause 17.1(c) is to be taken as suggesting that, as a matter of law, Service Provider has liability to a Subshipper.
- (e) Clause 17.1(a) does not apply to Losses which Service Provider would have avoided had Service Provider complied with its obligations under this Agreement, including its obligation to act as a Reasonable and Prudent operator.
- (f) Subject to clause 17.1(h) and except in the case of the indemnity in clause 10.5, Shipper is not liable to Service Provider for any loss of profits or revenue suffered by Service Provider.
- (g) Shipper's liability to Service Provider (other than pursuant to the indemnities in clause 10.5, clause 17.1(a) and clause 17.1(b)) is capped at \$2 million per event or connected series of events and \$20 million over the Term (irrespective of whether Service Provider's claim against Shipper is for breach of contract, negligence or on any other legal basis whatsoever).
- (h) Clause 17.1(f) and clause 17.1(g) do not limit:
 - (i) Shipper's liability to pay any charges or interest which accrue due under this Agreement;
 - (ii) Shipper's liability for any personal injury or death caused by Shipper; or
 - (iii) Shipper's liability for Shipper's Wilful Misconduct.

17.2 Service Provider's Liability

- (a) Service Provider is not liable to Shipper for any Consequential Loss suffered by Shipper.
- (b) Subject to the remainder of this clause 17, Service Provider's liability to Shipper for all acts or omissions of Service Provider (irrespective of whether Shipper's claim against Service Provider is for breach of contract, negligence or on any other legal basis whatsoever) over a 12 month period under or in connection with this Agreement is limited to the greater of:
 - (i) \$200,000; and
 - (ii) the aggregate of the charges paid by Shipper to Service Provider during that period.



- (c) Clause 17.2(b) does not limit Service Provider's liability for any personal injury or death caused by Service Provider.
- (d) Clause 17.2(b) does not limit Service Provider's liability for the cost of repairing or replacing any property damaged by Service Provider but Service Provider's liability for such damage is limited to \$2,000,000 per event or connected series of events causing such damage (irrespective of whether Shipper's claim against Service Provider is for breach of contract, negligence or on any other legal basis whatsoever).
- (e) The preceding provisions of this clause 17.2 do not limit Service Provider's liability for Service Provider's Wilful Misconduct.
- (f) For the purposes of clause 17.2(a) Consequential Loss means:
 - (i) loss of profits or revenue;
 - (ii) loss of bargain (other than the bargain represented by this Agreement);
 - (iii) loss of opportunity;
 - (iv) cost of finance; and
 - (v) incidental, special, remote or unforeseeable loss or damage.

18 Force Majeure Events

18.1 Party Excused

Non-performance as a result of Force Majeure by either Party of an obligation or condition required by this Agreement to be performed:

- (a) will be excused during the time and to the extent that such performance is prevented, wholly or in part, by Force Majeure; and
- (b) will not to that extent give rise to any liability to the other Party for any Losses of any kind arising out of, or in any way connected with, that non-performance,

but no Party will be relieved by Force Majeure of any obligation to pay a sum of money accrued due under this Agreement.

18.2 Obligations

A Party which is, by reason of Force Majeure, unable to perform an obligation or condition required by this Agreement to be performed must:

- (a) notify the other Party as soon as possible giving:
 - (i) reasonably full particulars of the event or circumstance of Force Majeure;
 - (ii) the date of commencement of the event or circumstance and an estimate of the period of time required to enable it to resume full performance of its obligations; and
 - (iii) where possible, the means proposed to be adopted to remedy or abate the Force Majeure;



- (b) use reasonable diligence and employ all reasonable means to remedy or abate the Force Majeure as expeditiously as possible provided that nothing in this clause 18 will require a Party to settle a strike, lockout, ban or other industrial disturbance against its judgment;
- (c) resume performance as expeditiously as possible after termination of the Force Majeure; and
- (d) notify the other Party when the Force Majeure has terminated or abated to an extent which permits resumption of performance to occur.

18.3 Rights of Other Party

An event of Force Majeure does not relieve a Party of liability for failure to discharge an obligation under this Agreement as from the time that Party, had it exercised reasonable diligence and employed all reasonable means, could have resumed performance of that obligation.

19 Charges and Payment

19.1 Charges

Shipper must pay to Service Provider any Charges referred to in this Agreement which are incurred by Shipper.

19.2 Invoicing

- (a) Each Month Service Provider may issue an invoice to Shipper for any Charges incurred by Shipper under this Agreement in respect of the previous Month. An invoice must include such information as is reasonably required to substantiate the Charges payable by Shipper.
- (b) Each invoice must be accompanied by a report showing for each Day of the previous Month (but only to the extent the information is relevant to the Services provided in that Month):
 - (i) the quantity of Gas supplied by Shipper at each Receipt Point under each Service in that Month on each Day and in aggregate across all Receipt Points;
 - (ii) the quantity of Gas delivered to Shipper at each Delivery Point under each Service in that Month on each Day and in aggregate across all Delivery Points;
 - (iii) the balance of Shipper's Park Account as at the end of each Day and the quantity of Gas delivered into and taken from the Park Account on each such Day;
 - (iv) Shipper's Accumulated Imbalance as at the end of each Day; and
 - (v) the quantity of Gas compressed pursuant to a Traded Compression Service or Compression Auction Service on each Day of the Month.
- (c) Service Provider must provide to Shipper such additional information in respect of an invoice as Shipper reasonably requests to explain or substantiate amounts included in that invoice.



- (d) An invoice may be based upon estimated data where actual data is not available to Service Provider at the time it prepares the invoice. In such circumstances Service Provider must issue an adjustment invoice to Shipper once the actual data becomes available to Service Provider.
- (e) Shipper must pay an invoice within 10 Business Days (or such longer period as Service Provider elects) of receipt of the invoice.
- (f) Unless otherwise agreed by Service Provider, Shipper must pay Service Provider by electronic funds transfer to such account notified by Service Provider to Shipper from time to time.

19.3 Disputed invoices

- (a) Where Shipper, in good faith, disputes an invoice then it may withhold payment of the disputed portion of the invoice but only where it notifies Service Provider of the amount disputed and the reason for the dispute not less than 5 Business Days before the invoice is due for payment.
- (b) Where Shipper withholds an amount of an invoice under clause 19.3(a) and it is subsequently agreed or determined that such amount was due under this Agreement then Shipper must pay such amount within 5 Business Days of that agreement or determination with interest at the Interest Rate calculated on a daily basis from the date the relevant invoice was due for payment under clause 19.2 until such time as the amount is paid.
- (c) Where it is agreed or determined that Shipper has paid an amount invoiced by Service Provider to Shipper and such amount was not in fact due to Service Provider then Service Provider must refund that amount to Shipper with interest at the Interest Rate calculated from the time the amount was received by Service Provider until the time the amount is refunded to Shipper.
- (d) Payment of an invoice by Shipper does not prevent Shipper subsequently disputing its liability to pay that invoice provided Shipper disputes the invoice within 12 months of the date of receipt of the invoice.

19.4 Adjustments

Where an error is discovered in an invoice issued under clause 19.2, an adjustment to correct for such error must be effected by Service Provider on the next invoice issued under clause 19.2 or paid by the relevant Party who owes an amount within 30 days of ascertainment of the error. The adjustment will include interest at the Interest Rate calculated:

- (a) in the case of an overpayment from the time the amount was received by Service Provider until the time the amount is refunded to Shipper; and
- (b) in the case of an underpayment from the time the relevant invoice was due to be paid by Shipper until the relevant amount is paid by Shipper to Service Provider.

However, no Party will be entitled to rectify errors discovered in, or reopen, any invoice more than 12 months after the invoice was rendered.



19.5 Late Payments

If Shipper fails to pay an amount due under this Agreement by the due date then it must pay interest at the Default Rate on the amount overdue, calculated on a daily basis from its due date until the date of actual payment.

20 GST

20.1 GST Gross-Up

If a Party (Supplier) is required to pay GST in respect of a supply made under or in connection with (including by reason of a breach of) this Agreement, the recipient of the supply must (in addition to any other payment for, or in connection with, the supply) pay to the Supplier an amount equal to such GST (GST gross-up).

20.2 GST Invoice

If a GST gross-up is payable, then the Supplier must give the recipient a tax invoice for the supply.

20.3 Payment

Provided a tax invoice has been given, the GST gross-up must be paid by the recipient:

- (a) if any monetary consideration is payable for the supply, at the same time and in the same manner as such monetary consideration; and
- (b) if no monetary consideration is payable for the supply, within 10 Business Days after the day on which the tax invoice is given.

20.4 Reimbursements

If any payment to be made to a Party under or in connection with this Agreement is a reimbursement or indemnification of an expense or other liability incurred or to be incurred by that Party, then the amount of the payment must be reduced by the amount of any input tax credit to which that Party is entitled for that expense or other liability, such reduction to be effected before any increase in accordance with clause 20.1.

20.5 Adjustments

If an adjustment event has occurred in respect of a supply made under or in connection with this Agreement, any Party that becomes aware of the occurrence of that adjustment event must notify the other Party as soon as practicable, and the Parties agree to take whatever steps are necessary (including to issue an adjustment note), and to make whatever adjustments are required, to ensure that any GST or additional GST on that supply, or any refund of GST (or part thereof), is paid no later than 20 Business Days after the Supplier first becomes aware that the adjustment event has occurred.

20.6 Definitions

- (a) Terms used in this clause 20 which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) have the meaning given to them in that Act.
- (b) In this clause 20, a reference to a payment includes any payment of money and any form of consideration other than payment of money.



- (c) In this Agreement, all references to payments and obligations to make payments, including all references to compensation (including by way of reimbursement or indemnity), are, but for the operation of this clause 20, exclusive of GST.

21 Standing, Insurance and Credit Support

21.1 Standing

Service Provider is not required to provide Services to Shipper unless:

- (a) Shipper is resident in Australia or has a permanent establishment in Australia;
- (b) Shipper is incorporated or constituted under the Corporations Act or, if not, satisfies Service Provider (acting reasonably) that:
 - (i) it is duly incorporated;
 - (ii) it has the legal capacity to enter into and perform this Agreement; and
 - (iii) it has duly executed this Agreement and this Agreement is enforceable against it;
- (c) Shipper is capable of being sued in its own name in courts established under the laws of Australia; and
- (d) Shipper does not enjoy any immunity from legal proceedings or legal process (including, but without limitation, any immunity from execution).

21.2 Insurance

- (a) Shipper must maintain throughout the Term third party public and product liability insurance covering liability for death or bodily injury (including illness) and loss of, damage to and loss of use of, property arising out of anything done or omitted to be done by Shipper under or in connection with this Agreement (including damage caused to the Facility by Off Specification Gas) for a liability of not less than \$20 million in respect of any one occurrence and, in respect of the public liability component, unlimited as to the number of occurrences.
- (b) Shipper may discharge its obligations under this clause 21.2 by substantiating to Service Provider's reasonable satisfaction that Shipper is part of a corporate group with self-insurance arrangements (which apply for the benefit of Shipper) providing equivalent financial support to Shipper, for liabilities which Shipper may incur, to that which would be provided by the third party public and product liability insurance referred to in clause 21.2(a).
- (c) Service Provider is not required to provide any Services to Shipper until Shipper provides Service Provider a certificate of currency evidencing that the insurance referred to in clause 21.2(a) is in effect or establishes to Service Provider's reasonable satisfaction that the arrangements referred to in clause 21.2(b) are in place.
- (d) Service Provider may, from time to time, but not more than once in any 6 month period unless Service Provider has reasonable grounds for believing the insurance or self-insurance may no longer be in effect, request Shipper to provide a certificate of currency evidencing the insurance referred to in clause 21.2(a) is in effect or



otherwise substantiate to Service Provider's reasonable satisfaction that the self-insurance arrangements are in effect.

21.3 **Credit Support**

- (a) Service Provider may require Shipper to provide credit support under this clause 21 in an amount up to Shipper's Credit Support Amount except where one or more of the following apply:
- (i) Shipper has a Standard & Poor's or Fitch credit rating of BBB-, or Moody's credit rating of Baa3, or better;
 - (ii) Shipper's obligations under this Agreement are guaranteed (on terms satisfactory to Service Provider acting reasonably) by an Australian resident body corporate with a Standard & Poor's or Fitch credit rating of BBB-, or Moody's credit rating of Baa3, or better;
 - (iii) where Shipper does not have a credit rating from Standard & Poor's, Fitch or Moody's, it has financial substance equivalent to or better than an entity with such a credit rating; or
 - (iv) Shipper's obligations under this Agreement are guaranteed (on terms satisfactory to Service Provider acting reasonably) by an Australian resident body corporate which, although not rated by Standard & Poor's, Fitch or Moody's, has financial substance equivalent to or better than an entity with a credit rating referred to in this clause 21.3(a).
- (b) If Service Provider is entitled to require Shipper to provide credit support then Shipper must nominate to Service Provider the quantities to be used to determine Shipper's Credit Support Amount, in this clause called the **Credit Support MDQ**. Shipper may from time to time, by 2 Business days' notice to Service Provider, change the amount nominated for the purposes of determining the Credit Support MDQ.
- (c) **Shipper's Credit Support Amount** is equal to the amount determined in accordance with the following formula:
- $$30 * \text{Credit Support MDQ} * T$$
- Where:
- (i) Credit Support MDQ is the MDQ nominated by Shipper (in GJs) for credit support purposes; and
 - (ii) T is:
 - (A) where the Facility is a Pipeline, the reference tariff for the firm forward haul Reference Service where there is a Full Access Arrangement for the Pipeline setting out an applicable reference tariff or, if not, then the price for a GJ of firm forward haul service as published by Service Provider pursuant to the National Gas Rules (or the service offered by Service Provider which is closest in nature to a firm forward haul service). Where there is more than one tariff which may satisfy these criteria, Service Provider will, acting reasonably, determine which tariff to use; or



- (B) where the Facility is a Compressor, the standard tariff for use of the Compressor as published by Service Provider (and where there is more than one such tariff, Service Provider will, acting reasonably, determine which tariff to use) or where there is no published tariff for the Compressor then such tariff, as the Service Provider acting reasonably determines, represents the standard tariff that is charged by the Service Provider for use of the capacity of the Compressor.
- (d) Where Shipper is required to provide credit support, then Service Provider is not required to provide Shipper Services on a Day to the extent Shipper has not provided credit support in respect of a quantity of MDQ equal to or more than the quantity of Service sought to be used by the Shipper on the Day. For example, if Shipper has provided credit support for only 10 TJ/Day then Service Provider is not required to recognise and provide Services (in aggregate) for a quantity of capacity of more than 10 TJ/Day.
- (e) Where Shipper is not originally required to provide credit support but, due to a change in circumstances, Shipper is no longer relieved by clause 21.3(a) from the obligation to provide credit support then Shipper must provide credit support within 10 Business Days of request by Service Provider.

21.4 Type of Credit Support

Where Shipper is required to provide credit support that credit support must be in the form of (as elected by Shipper):

- (a) a bank guarantee for Shipper's Credit Support Amount from a bank, and on terms, reasonably acceptable to Service Provider;
- (b) a cash deposit of an amount equal to Shipper's Credit Support Amount; or
- (c) such other form of credit support acceptable to Service Provider in its absolute discretion.

21.5 Recourse to Credit Support

Service Provider may have recourse to the credit support provided by Shipper to recover:

- (a) any amounts due from Shipper to Service Provider under this Agreement but unpaid by the due date and which are not paid within a further 5 Business Days after receipt by Shipper of notice from Service Provider; and
- (b) any Losses suffered or incurred by Service Provider (for which Shipper is liable) due to Shipper's act or omission which are not paid within 20 Business Days after notice from Service Provider seeking payment of such amounts.

21.6 No Injunction

Shipper must not bring an application to injunct or otherwise seek to restrain Service Provider from having recourse to the credit support provided by Shipper.

21.7 Replacement

- (a) If Service Provider draws upon credit support then Shipper must within 5 Business Days of the credit support being drawn upon provide replacement credit support to Service Provider complying with the requirements of this Agreement and so that the



total credit support held by Service Provider is equal to Shipper's Credit Support Amount.

- (b) If:
- (i) a provider of credit support is subject to an Insolvency Event;
 - (ii) a credit support ceases to be valid or to comply with the reasonable requirements of Service Provider; or
 - (iii) the provider of the credit support claims it is not binding or valid,
- then that credit support will no longer be regarded as complying with the requirements of this Agreement. In such case Shipper must within 5 Business Days of the existing credit support ceasing to comply with the requirements of this Agreement, provide replacement credit support which complies with the requirements of this Agreement.
- (c) Shipper must ensure that any credit support provided by it which has an expiry date is replaced with a new valid form of credit support complying with the requirements of this Agreement not later than 10 Business Days prior to that expiry date. Service Provider must release the existing credit support upon a new valid credit support being provided by Shipper, provided that upon release of such existing credit support Service Provider will still hold credit support complying with the requirements (including as to amount) of this Agreement.
- (d) If Shipper fails to comply with clause 21.7(c) Service Provider may have recourse to the existing credit support and hold any monies obtained by Service Provider as security until such time as the new valid credit support is provided.

21.8 Return

- (a) If at any time the credit support held by Service Provider exceeds Shipper's Credit Support Amount then Shipper may request Service Provider to return the excess amount and if so Service Provider must return any excess credit support then held by it unless Service Provider has reasonable grounds to believe it has a claim in damages against Shipper in which case Service Provider may continue to hold that credit support until the claim is resolved or until Service Provider ceases to have reasonable grounds to believe it has such a claim.
- (b) Upon the expiry or termination of this Agreement and Service Provider receiving all payments to which it is entitled under this Agreement in immediately available funds, Service Provider must return any credit support then held by it unless Service Provider has reasonable grounds to believe it has a claim in damages against Shipper in which case Service Provider may continue to hold that credit support until the claim is resolved or until Service Provider ceases to have reasonable grounds to believe it has such a claim.

21.9 Cash Deposits – Specific Provisions

- (a) Where credit support is provided to Service Provider in the form of a cash deposit, then Service Provider must deposit the amount in an interest bearing account maintained with such financial institution determined by Service Provider. Any interest which accrues on the cash deposit shall form part of the credit support. Service Provider may deduct from such interest any fees and taxes attributable to



maintaining the account (and to the extent the fees and taxes exceed that amount may recover the excess from Shipper).

- (b) Nothing in this Agreement is to be taken as imposing any obligation on Service Provider to maximise or obtain any return on cash deposit amounts held by Service Provider as security.

22 Suspension and Termination

22.1 Suspension

- (a) Service Provider may suspend the provision of Services to Shipper:
 - (i) if the insurance required by clause 21.2 is not in place, in which case Service Provider may suspend the Services until such time as that insurance is put in place;
 - (ii) if Shipper fails to pay any amount due under this Agreement by the due date (other than amounts validly withheld under clause 19.3) and fails to remedy that default within 7 days of notice from Service Provider; or
 - (iii) if Shipper shows a repeated disregard of its obligations under this Agreement relating to imbalance, overrun, gas specification, or any other obligations breach of which poses a material threat to the operational integrity of the Facility, in which case Service Provider may suspend the Services until Shipper satisfies Service Provider (acting reasonably) that Shipper will be able to and will endeavour to comply with such obligations.
- (b) No suspension of the Services by Service Provider under this clause 22.1 relieves Shipper of its payment obligations.

22.2 Termination by Service Provider

Service Provider may by notice to Shipper terminate this Agreement with immediate effect if:

- (a) a suspension under clause 22.1(a)(i) or clause 22.1(a)(ii) continues for more than 14 days;
- (b) a suspension under clause 22.1(a)(iii) continues for more than 30 days;
- (c) Shipper commits a material breach of this Agreement (other than a failure to pay amounts due) and fails to remedy that breach within 21 days of receipt of notice from Service Provider of the breach;
- (d) Shipper is subject to an Insolvency Event;
- (e) Shipper has incurred liability to Service Provider under clause 10.5 in an amount equal to the liability cap in clause 10.5(e); or
- (f) Shipper has incurred liability to Service Provider in an amount equal to the liability cap in clause 17.1(g) on liability over the Term (excluding any amounts which are not subject to that cap).

22.3 Termination by Shipper

Shipper may by notice to Service Provider terminate this Agreement if:



- (a) Service Provider commits a material breach of this Agreement and does not remedy that breach within 21 days of receipt of notice from Shipper of the breach; or
- (b) Service Provider is subject to an Insolvency Event.

22.4 Termination for Convenience

Shipper may at any time terminate this Agreement for convenience by 30 days' notice to Service Provider.

22.5 Termination for Extended Force Majeure

Service Provider may terminate this Agreement by notice if Force Majeure affects Service Provider's ability to provide the Services for a period of more than 12 months.

22.6 No Common Law Termination Rights

Any common law rights to terminate this Agreement are excluded.

22.7 Effect of Expiration or Termination

The expiry or termination of this Agreement is without prejudice to the accrued rights of the Parties as at the date of expiration or termination or to the continued operation of clauses which of their nature are intended to survive, or which evidence an intention to survive, termination or expiration.

23 Dispute Resolution

23.1 Limitation on Legal Proceedings

Except where a Party, in good faith, considers it necessary to seek urgent injunctive or declaratory relief to preserve its position, a Party may only commence legal proceedings in respect of a dispute relating to this Agreement (**Dispute**) if it has complied with the procedures in this clause 23.

23.2 Notice of Dispute

If a Dispute arises between the Parties, a Party may give notice to the other Party specifying in reasonable detail the nature of the Dispute. During the 21 day period following the service of that notice (or such longer period as the Parties may agree) the Parties must use their respective reasonable endeavours to resolve the Dispute.

23.3 Proceedings

If the Parties have not resolved the Dispute within the period specified in clause 23.2 then either Party may:

- (a) if the Dispute is a Financial Dispute or Technical Dispute, refer the matter to resolution by an expert in accordance with the "Expert Determination Rules" of the Resolution Institute ABN 69 008 651 232; and
- (b) otherwise, commence court proceedings in respect of the Dispute.

23.4 Meaning of Financial Dispute or Technical Dispute

- (a) A Financial Dispute is a Dispute as to whether an invoice under this Agreement has been calculated correctly and which Dispute does not require a determination to be



made as to a disagreement between the Parties as to the correct construction of this Agreement.

- (b) A Technical Dispute is a Dispute whose resolution primarily depends on matters of engineering or mathematical expertise and which Dispute does not require a determination to be made as to a disagreement between the Parties as to the correct construction of this Agreement.

23.5 Expert Determination

The determination of an Expert will be final and binding on the Parties unless the determination is affected by bias or an error of law.

24 Assignment/Novation

24.1 Use of Rights

Shipper may use its rights under this Agreement to transport or park Gas or have Gas compressed on behalf of any other person (**Subshipper**) and is not required to notify Service Provider of the identity of any such person.

24.2 Prohibition on Assignment

- (a) Shipper may not assign, transfer or otherwise deal with its rights under this Agreement.
- (b) Nothing in clause 24.2(a) limits clause 24.1.

24.3 Service Provider Novation

- (a) Service Provider may novate all of its rights and obligations under this Agreement to any person to whom Service Provider:
 - (i) transfers ownership of the entire Facility; or
 - (ii) transfers the Pipeline Licences held by Service Provider in respect of the Pipeline.
- (b) Service Provider may novate a fractional part of its rights and obligations under this Agreement to any person to whom Service Provider transfers ownership of a percentage interest share of the entire Facility provided that:
 - (i) the fractional part of the rights and obligations novated equates to the percentage interest in ownership of the Facility which has been transferred; and
 - (ii) the sum of the ownership percentage interest of Service Provider and that new person is 100%; and
 - (iii) as a consequence of that novation both Service Provider and the new person are liable to Shipper for ensuring the discharge of Service Provider's obligations under this Agreement (provided each person's liability may be limited by reference to its percentage ownership interest share of the Facility).
- (c) Shipper must execute such documentation reasonably requested by Service Provider to give effect to a novation under clause 24.3(a) or clause 24.3(b).



24.4 Security

Service Provider may mortgage, pledge, charge or otherwise encumber its rights and interests under this Agreement to any financier of Service Provider.

25 Representations and Warranties

Each Party represents and warrants to the other that:

- (a) it has full power and authority to enter into this Agreement, and has taken all necessary action to authorise the execution and performance of this Agreement;
- (b) its obligations under this Agreement are legally valid and binding and are enforceable against it in accordance with their terms;
- (c) its execution and performance of this Agreement does not:
 - (i) contravene its constituent documents or any law or any obligations or undertakings by which it or any of its assets are bound; or
 - (ii) exceed any limitation on its, or its directors', powers;
- (d) it is not in default under any law affecting it or its assets, or any obligation or undertaking by which it or any of its assets are bound which will, or might reasonably be expected to, materially affect its ability to perform its obligations under this Agreement;
- (e) it does not have immunity from the jurisdiction of a court or from legal process which will, or might reasonably be expected to, materially affect its ability to perform its obligations under this Agreement; and
- (f) there is no pending or threatened action or proceeding affecting Shipper or any of its assets before a court, referee, Government Agency, commission, arbitrator or other tribunal which will, or might reasonably be expected to, materially affect its ability to perform its obligations under this Agreement.

26 Confidentiality

26.1 Confidential Information

Each Party will treat and keep confidential all information disclosed to that Party, under this Agreement, pursuant to the transactions contemplated by this Agreement or during the negotiations preceding the execution of this Agreement by the other Party, (**Confidential Information**) irrespective of the form in which that information was provided.

26.2 Permitted Disclosure

- (a) Despite clause 26.1, Confidential Information may be disclosed by a Party receiving that information in the following circumstances:
 - (i) to its employees, professional advisers or financiers who require that information for the purpose of carrying out the functions assigned to them by the Party;
 - (ii) to its insurers;



- (iii) with the consent of the Party who provided the information, which consent may not be unreasonably withheld;
 - (iv) where the information was already known to it at the time it received it in the manner contemplated by clause 26.1;
 - (v) the information is known publicly other than as a consequence of a breach of clause 26.1 by that Party;
 - (vi) to a bona fide prospective purchaser of its share capital or of any relevant part of its business undertaking;
 - (vii) when required by Law or by the requirements of any stock exchange on which the shares of the Party or any of its Related Bodies Corporate are listed;
 - (viii) in connection with the refinancing of any debt of that Party;
 - (ix) to any Related Body Corporate (as defined in the Corporations Act);
 - (x) to any entity which controls a Party (even if not recognised as a Related Body Corporate), including any entity which Service Provider nominates in the Facility Specific Terms as an entity which controls Service Provider;
 - (xi) as necessary to enable a Party to claim force majeure under another contract or to enable a Party to deal with any claim that it is in breach of another contract;
 - (xii) to persons upstream and downstream of Receipt Points and Delivery Points as required to co-ordinate receipt and delivery of Gas; and
 - (xiii) as required to discharge a Party's obligations under this Agreement or to exercise its rights under this Agreement.
- (b) Except in the case of clause 26.2(a)(iii), clause 26.2(a)(iv), clause 26.2(a)(v) and clause 26.2(a)(vii), a Party disclosing Confidential Information under clause 26.2 must use its reasonable endeavours to ensure that the persons to whom it discloses that information undertake to keep the information confidential.

27 Notices

27.1 Form of Notices

Except where otherwise provided in this Agreement, any notice or other communication required of a Party by this Agreement:

- (a) must be in writing in English; and
- (b) must be sent by priority post or email, or delivered, to the address or email of the recipient, and sent to the attention of the recipient's representative for notices, each as set out in the Agreement Details.



A Party may replace its address and other details for receipt of communications set out in the Agreement Details by giving not less than 5 Business Days' notice to the other Party.

27.2 Email communications

Any communication required by this Agreement that is sent by email must be in a format (such as a scanned pdf) that is an accurate and legible image of the original of the communication including the signature. Each such communication must be attached to an email that states that the attachment is a communication under this Agreement. The Party sending the communication by email must maintain an electronic or printed copy of the email and the attached communication.

27.3 Time of receipt

A notice or other communication will be taken to be received:

- (a) if hand-delivered, at the time of delivery;
- (b) if sent by pre-paid priority post, three days after the date of posting; and
- (c) in the case of emails, as determined by the electronic transactions legislation applying in the State.

If due to this clause a communication would be taken to be received on a day that is not a Business Day, or after 5.00pm on a Business Day, the communication is taken to have been received at 9.00 am on the first Business Day after that day.

27.4 Operational Notices

- (a) Operational notices must be sent by email or by using such electronic communications system set out in the Facility Specific Terms. Such emails are taken to be received for the purposes of this Agreement when actually received.
- (b) Operational notices means notices relating to nominations, scheduling, Off Specification Gas and Curtailments and such other day to day operational matters nominated by Service Provider (acting reasonably from time to time).

28 Bilateral Trades

28.1 Application

This clause 28 sets out the procedures by which Shipper may, by Bilateral Trade, trade to other Transportation Facility Users Transportation Capacity purchased by Shipper under a Bilateral Trade or through the Exchange.

28.2 Bilateral Trades

- (a) Shipper may transfer to a Transportation Facility User some or all of its Traded Forward Haul Service MDQ, Traded Park Service MDQ or Traded Compression Service MDQ by means of a Bilateral Trade made in accordance with this clause 28.
- (b) Shipper may only enter into a Bilateral Trade with a:



- (i) Transportation Facility User who is party to a Standard Operational TSA for the Facility; or
- (ii) such other Transportation Facility User approved by Service Provider (which consent is not to be unreasonably withheld),

(Valid Trading Party).

- (c) Service Provider is not required to give effect to a Bilateral Trade unless Service Provider receives:
 - (i) joint notice of the Bilateral Trade from Shipper and a Valid Trading Party at the Service Provider's email address set out in the Agreement Details (or by such other reasonable means nominated by Service Provider, including lodgement on an electronic bulletin board maintained by Service Provider) at least 2 Business Days prior to the first Day for which the Trade will have effect setting out:
 - (A) the quantity of Traded Forward Haul Service MDQ, Traded Park Service MDQ or Traded Compression Service MDQ to which the trade relates;
 - (B) in the case of Traded Forward Haul Service MDQ or Traded Compression Service MDQ, the Zones to which the Trade relates; and
 - (C) the term of the Bilateral Trade; and
 - (ii) a notice from Shipper setting out where Shipper has sourced the MDQ being traded (that is from the Exchange or from a Bilateral Trade with another Transportation Facility User (who must be identified in Shipper's notice)).
- (d) Provided that Service Provider receives a notice in accordance with clause 28.2(c), Service Provider may only refuse to give effect to a Bilateral Trade if:
 - (i) under clause 28.3 Shipper is not entitled to make the Trade;
 - (ii) the quantity of Traded Forward Haul Service MDQ, Traded Park Service MDQ or Traded Compression Service MDQ to which the Bilateral Trade relates will, for any part of the term of the Bilateral Trade, exceed Shipper's Traded Forward Haul Service MDQ, Traded Park Service MDQ or Traded Compression Service MDQ (assessed prior to the Trade); or
 - (iii) the Traded Forward Haul Service MDQ or Traded Compression Service MDQ is not able to be used by the Valid Trading Party in the Zones to which the Bilateral Trade relates.
- (e) Service Provider must notify Shipper within 1 Business Day of receipt of notice under clause 28.2(c):
 - (i) that it will give effect to the Bilateral Trade; or
 - (ii) that it is refusing to give effect to the Bilateral Trade which notice must set out the reason for which Service Provider is refusing to give effect to the Bilateral Trade.



28.3 *Grounds to refuse Bilateral Trades*

Service Provider is not required to give effect to a Bilateral Trade if:

- (a) Shipper is in breach of this Agreement; or
- (b) Shipper is subject to an Insolvency Event.

28.4 *No Responsibility for Use by Counterparty*

- (a) Shipper has no liability to Service Provider for any acts or omissions of the acquiring Transportation Facility User during the period of a Bilateral Trade relating to the Traded Forward Haul Service MDQ, Traded Park Service MDQ or Traded Compression Service MDQ acquired by that Transportation Facility User from Shipper.
- (b) Without limiting clause 28.4(a) Shipper is not liable to Service Provider for any overrun charges incurred by the acquiring Transportation Facility User during the period of a Bilateral Trade, for breach by the acquiring Transportation Facility User of imbalance requirements or hourly limits or for the acquiring Transportation Facility User supplying off-specification gas to the Facility.
- (c) Clause 28.4(a) does not apply to liability of Shipper which arises independently of the Bilateral Trade or this Agreement.

28.5 *Entitlement to Charge*

- (a) The Service Provider may levy a charge on the Shipper for each Bilateral Trade undertaken by Shipper under this clause 28 in accordance with such schedule of charges published by the Service Provider on its website from time to time.
- (b) Any such schedule of charges must comply with the requirements of the National Gas Rules.

29 *Miscellaneous*

29.1 *Governing Law*

This Agreement is governed by the law of the State.

29.2 *Further Assurance*

Each Party must, at its own expense, do all that is reasonably necessary to give effect to this Agreement.



PART 4: DESCRIPTION OF SERVICES – OPERATIONAL TSA

1 Traded Forward Haul Service

The Traded Forward Haul Service is a service which consists of transportation of Gas between Zones on the following basis:

- (a) the receipt by Service Provider at one or more Nominated Receipt Points within a Zone on a Day of a quantity of Shipper's Gas not exceeding the Traded Forward Haul Service MDQ for that Day and that Zone;
- (b) the transportation by Service Provider of that Gas through the Pipeline without Curtailment except as permitted by this Agreement; and
- (c) subject to Shipper supplying at the Nominated Receipt Points the quantity of Gas it is scheduled to supply on that Day, the delivery by Service Provider to the Nominated Delivery Points within a Zone on that Day of a quantity of Gas up to the Traded Forward Haul Service MDQ for that Day and that Zone.

2 Traded Park Service

- (a) The Traded Park Service consists of:
 - (i) the storage by Service Provider at a notional point in the Pipeline of a quantity of Gas supplied by Shipper into the Pipeline in the same Zone as the Zone in which that notional point is located (pursuant to another Service provided under this Agreement or pursuant to a Qualifying Facility Agreement) up to the Traded Park Service MDQ; and
 - (ii) the subsequent withdrawal of that Gas from storage such that it can be delivered to the Delivery Points in accordance with any other service provided by Service Provider to Shipper under:
 - (A) this Agreement; or
 - (B) a Qualifying Facility Agreement.
- (b) A Qualifying Facility Agreement means a Facility Agreement between Shipper and Service Provider which contains provisions that allow:
 - (i) Gas received pursuant to it to be stored in the Park Account maintained under this Agreement; and
 - (ii) the delivery under that agreement of Gas stored in the Park Account maintained under this Agreement.
- (c) Service Provider is not required to provide a Park Service to Shipper unless Shipper has rights (whether under another Service provided under this Agreement or under a Qualifying Facility Agreement) to supply Gas into the Pipeline and have Gas delivered from the Pipeline.



3 Traded Compression Service

- (a) The Traded Compression Service consists of:
 - (i) the compression by Service Provider using the Compressor of a quantity of Gas supplied by Shipper to the Compressor Receipt Point within a Zone up to the Traded Compression Service MDQ for that Zone so as to increase the pressure of that Gas; and
 - (ii) the delivery of that compressed Gas to the Compressor Delivery Point within a Zone up to the Traded Compression Service MDQ for that Zone, without Curtailment except as permitted by this Agreement.
- (b) Service Provider is not required to provide a Traded Compression Service to Shipper unless Shipper has rights (separate to the Traded Compression Service) to procure delivery of a quantity of Gas to the Compressor Receipt Point and to take from the Compressor Delivery Point the Gas which has been compressed.

4 Forward Haul Auction Service

The Forward Haul Auction Service is a service which consists of transportation of Gas between a Receipt Point and a Delivery Point on the following basis:

- (a) the receipt by Service Provider at a Nominated Receipt Point on a Day of a quantity of Shipper's Gas not exceeding the Forward Haul Auction MDQ for that Day and Nominated Receipt Point;
- (b) the transportation by Service Provider of that Gas through the Pipeline without Curtailment except as permitted by this Agreement or as permitted by the National Gas Rules; and
- (c) subject to Shipper supplying at the Nominated Receipt Point the quantity of Gas it is scheduled to supply on that Day, the delivery by Service Provider to the Nominated Delivery Point on that Day of a quantity of Gas up to the Forward Haul Auction MDQ for that Day and Nominated Delivery Point.

5 Backhaul Auction Service

The Backhaul Auction Service is a service which consists of transportation of Gas between a Receipt Point and a Delivery Point on the following basis:

- (a) the receipt by Service Provider at a Nominated Receipt Point on a Day of a quantity of Shipper's Gas not exceeding the Backhaul Auction MDQ for that Day and that Nominated Receipt Point;
- (b) the notional transportation by Service Provider of that Gas through the Pipeline in an opposite direction to the actual physical flow of Gas in the Pipeline, without Curtailment except as permitted by this Agreement or as permitted by the National Gas Rules; and
- (c) subject to Shipper supplying at the Nominated Receipt Point the quantity of Gas it is scheduled to supply on that Day, the delivery by Service Provider to the Nominated Delivery Point on that Day of a quantity of Gas up to the Backhaul Auction MDQ for that Day and that Nominated Delivery Point.



6 Compression Auction Service

- (a) The Compression Auction Service is a service that consists of:
 - (i) the compression by Service Provider using the Compressor of a quantity of Gas supplied by Shipper to the Compressor Receipt Point for that Compression Auction Service up to the Compression Auction Service MDQ for that Compressor Receipt Point so as to increase the pressure of that Gas; and
 - (ii) the delivery of that compressed Gas to the Compressor Delivery Point for that Compression Auction Service,without Curtailment except as permitted by this Agreement or the National Gas Rules.
- (b) Service Provider is not required to provide a Compression Auction Service to Shipper unless Shipper has rights (separate to the Compression Auction Service) to procure delivery of a quantity of Gas to the Compressor Receipt Point and to take from the Compressor Delivery Point the Gas which has been compressed.



PART 5: REQUIREMENTS FOR FACILITY SPECIFIC TERMS – OPERATIONAL TSA

1 General

1.1 *Over-riding Principles*

Facility Specific Terms for a Facility must:

- (a) identify the Facility to which the terms relate and specify the version number, date of publication and commencement;
- (b) specify the matters required to be specified by this Part and may specify the matters that this Part or the Standard Terms allow to be specified; and
- (c) comply with any requirements of the National Gas Rules.

1.2 *Variation of Standard Terms*

- (a) Except as provided in this clause 1.2, Facility Specific Terms may not vary the Standard Terms.
- (b) Facility Specific Terms may vary the Standard Terms where this is permitted or contemplated by the Standard Terms.
- (c) Facility Specific Terms may vary the Standard Terms to the extent required to ensure:
 - (i) Service Provider does not breach any Australian statutory obligation binding upon Service Provider; or
 - (ii) Service Provider does not breach any legally binding undertaking given by Service Provider to the ACCC, the AER or the Crown in the right of a State, the Commonwealth or a Territory.

1.3 *Defined terms*

- (a) Capitalised terms used in this Part 5 that are defined in Part 3 have the meaning given to them in Part 3.
- (b) Full Access Arrangement has the meaning given to that term in the National Gas Law.

2 Definitions in Facility Specific Terms

- (a) The Facility Specific Terms may vary the definition of “Day” if a “gas day” as that term is commonly applied in gas markets and under Facility Agreements and sale contracts in a State or Territory in which the Facility is located is a period different from that described in that definition of “Day”.
- (b) Clause 2(a) ceases to apply as from the Standard Market Timetable Commencement Date.



- (c) The Facility Specific Terms may nominate a different Gas specification to the current edition of AS 4564 Specification for General Purpose Natural Gas only if that different specification is representative of the current specifications applying under Facility Agreements for use of the Facility.
- (d) Any different gas specification so nominated must clearly specify quality requirements with which Gas must comply.
- (e) The Facility Specific Terms may not permit Service Provider to vary the Gas specification without the consent of Shipper.

3 Other Services

- (a) Service Provider may, at its absolute discretion, provide in the Facility Specific Terms for the provision of additional services to those referred in the Standard Terms (such additional services being **Other Services**) and set out the terms (including charges) upon which these Other Services are provided.
- (b) Service Provider may not require or pressure a Shipper to acquire an Other Service.
- (c) The terms (including charges) upon which an Other Service is provided must:
 - (i) be reasonable, which is taken to mean at prices and on other terms and conditions that, as far as practical, reflect the outcomes of a workably competitive market; and
 - (ii) not derogate from or adversely affect a Shipper's rights and entitlements under the Standard Terms or the Facility Specific Terms.

4 Scheduling

- (a) To the extent scheduling procedures for a Service are not prescribed by the National Gas Rules or other instruments made under the National Gas Rules, the Facility Specific Terms may set out the procedures used by Service Provider to schedule quantities of Gas for compression, receipt, storage and delivery on a Day and to notify Shipper of the quantities of System Use Gas required to be supplied by, or which will be returned to, Shipper on a Day.
- (b) The scheduling procedures nominated in the Facility Specific Terms must:
 - (i) provide for the schedule for a Service to be issued by the applicable Scheduling Time;
 - (ii) be consistent with the scheduling procedures used by Service Provider generally under Primary Facility Agreements; and
 - (iii) not discriminate against Secondary Shippers (as compared to the manner in which Primary Shippers are treated).

5 Priority Principles

- (a) The Facility Specific Terms must set out the principles (**Priority Principles**) to be applied by Service Provider to:
 - (i) determine how available Capacity is allocated between Transportation Facility Users on a Day where it is less than either:



- (A) the aggregate nominations of Transportation Facility Users for use of Transportation Services on a Day; or
 - (B) the quantities of Gas scheduled for Transportation Facility Users for Transportation Services on a Day; and
 - (ii) determine which Transportation Services may be Curtailed due to Renominations by Transportation Services with a higher priority.
- (b) The Priority Principles must:
 - (i) be consistent with any requirements of the National Gas Rules;
 - (ii) be consistent with the principles used by Service Provider under the Primary Facility Agreements to allocate Capacity in the circumstances referred to in clause 5(a); and
 - (iii) subject to the provisions of the Standard Terms relating to access to Capacity at Receipt Points or Delivery Points and to clause 5(c):
 - (A) not discriminate against Secondary Shippers (as compared to the manner in which Primary Shippers are treated);
 - (B) give Secondary Shippers with an entitlement to Traded Forward Haul Services equal priority to Capacity with Primary Shippers receiving firm forward haul services (as that term defined in the National Gas Rules);
 - (C) give Secondary Shippers with an entitlement to Traded Park Services equal priority to Capacity with Primary Shippers receiving firm park services (as that term is defined in the National Gas Rules); and
 - (D) give Secondary Shippers with an entitlement to Traded Compression Services equal priority to Capacity with Primary Shippers receiving firm compression services (as that term is defined in the National Gas Rules).
- (c) In the event of any inconsistency between the requirements of the National Gas Rules and the requirements of this clause 5, the requirements of the National Gas Rules will prevail.
- (d) The Priority Principles may accord priority to Foundation Shippers where Service Provider is contractually obliged to accord priority to such Foundation Shippers to available Capacity over other Primary Shippers.
- (e) For the purposes of this clause 5, a Foundation Shipper means a Primary Shipper who:
 - (i) entered into one of the original agreements for use of the Facility (or is the assignee or novatee of the rights of such a person) and thereby facilitated the initial construction of the Facility; or
 - (ii) has funded (including by committing to purchase capacity) major works on the Facility (for example major expansions or major projects to reverse the flow of Gas) and by so funding the works facilitated them being undertaken.



6 System Use Gas

- (a) Facility Specific Terms may require Shipper to provide System Use Gas to Service Provider and may contain provisions setting out:
 - (i) how the quantity of System Use Gas to be supplied by Shipper on a Day is to be determined;
 - (ii) how System Use Gas quantities are scheduled for supply;
 - (iii) how the quantities of System Use Gas actually supplied on a Day are determined;
 - (iv) the circumstances (if any) in which Service Provider may return System Use Gas; and
 - (v) ancillary matters relevant to System Use Gas (including provisions relating to transfer of title to that Gas).
- (b) Different procedures may apply for different types of System Use Gas. For example different procedures may apply to determine each of the following:
 - (i) the quantity of Linepack Gas required to be supplied;
 - (ii) the quantity of Gas used to operate compressors;
 - (iii) the quantity of Gas used to operate gas heaters; and
 - (iv) other types of System Use Gas.
- (c) Provisions relating to System Use Gas must:
 - (i) be consistent with the provisions under Primary Facility Agreements relating to System Use Gas; and
 - (ii) not discriminate against Secondary Shippers (as compared to the manner in which Primary Shippers are treated).
- (d) If consistent with existing agreements for use of a Facility, the Facility Specific Terms may provide for the Service Provider to source all or part of the System Use Gas required for a Facility and for the Service Provider to levy a charge on Shippers to recover the reasonable costs of sourcing such System Use Gas.

7 Hourly Limitations

- (a) Facility Specific Terms may set out limits on the quantities of Gas Shipper may supply or take delivery of in an hour or over a period of consecutive hours but only where:
 - (i) such limits are consistent with the provisions under existing Primary Facility Agreements for the Facility;
 - (ii) such limits do not discriminate against Secondary Shippers (as compared to the manner in which Primary Shippers are treated);
 - (iii) Shipper has ready access to, or is able to implement a mechanism to have ready access to, the data required to monitor its hourly take of gas; and



- (iv) such limits allow for any trades of hourly entitlements as contemplated by clause 17.
- (b) Facility Specific Terms may impose a charge upon Shipper where it exceeds a Receipt Point or Delivery Point hourly limit or Compressor hourly limit (which is validly set out in the Facility Specific Terms) but only where such charge:
 - (i) is set out in a Full Access Arrangement for the Pipeline; or
 - (ii) where the Pipeline does not have a Full Access Arrangement and in the case of a Compressor, is consistent with the manner in which such charges are levied under Primary Facility Agreements.

8 Pressure and Temperature

- (a) The Facility Specific Terms must set out the pressure, or a pressure range, at or within which Shipper must supply Gas at each separate Receipt Point and (if applicable) the Compressor Receipt Point.
- (b) The Facility Specific Terms may set out the temperature, or a temperature range, at or within which Shipper must supply Gas at each separate Receipt Point and (if applicable) the Compressor Receipt Point.
- (c) The Facility Specific Terms must specify a pressure, or pressure range, and temperature or temperature range, at or within which Service Provider must deliver Gas to each separate Delivery Point.
- (d) The nominated pressures and temperatures or ranges must be numbers (expressed in kPa or degrees Celsius) and may not be “such pressure as nominated by Service Provider from time to time” or similar concepts.
- (e) Subject to the pressure and temperature requirements being expressed as required by clause 8(d), the pressure and temperature requirements set out in the Facility Specific Terms must be consistent with the pressure and temperature requirements applying to the Primary Facility Agreements.
- (f) The Facility Specific Terms must not permit Service Provider to change the nominated Receipt Point’s or Delivery Point’s or Compressor’s pressures or temperatures (or ranges thereof) without the consent of Shipper (which consent may not be unreasonably withheld or delayed or given on unreasonable conditions).

9 Charges

- (a) The Facility Specific Terms may set out:
 - (i) the Administration Charge;
 - (ii) an Imbalance Charge or Charges; and
 - (iii) an Unauthorised Overrun Charge or Charges.
- (b) Each such charge may be escalated by reference to a generally accepted index (such as the Consumer Price Index).
- (c) The Administration Charge may recoup costs of the type referred to in, and must be consistent with, rule 634 of the National Gas Rules.



- (d) The Imbalance Charges and Unauthorised Overrun Charges specified in the Facility Specific Terms and the manner of their escalation must:
- (i) where there is a Full Access Arrangement for the Pipeline, be consistent with that Full Access Arrangement; or
 - (ii) otherwise:
 - (A) be consistent with the equivalent charges set out in Primary Facility Agreements and the manner of their escalation; and
 - (B) not discriminate against Secondary Shippers (as compared to the manner in which Primary Shippers are treated).
- (e) Subject to clause 9(f) the Facility Specific Terms may include other charges for use of a Service (other than a charge for reservation of MDQ) provided that:
- (i) such charge is payable under the majority of the Primary Facility Agreements;
 - (ii) such charge is payable under the majority of the Primary Facility Agreements where services are being provided in analogous circumstances to the circumstances described in the Facility Specific Terms (for example a charge payable only by Primary Shippers who deliver into a Short Term Trading Market (as defined in the National Gas Rules)); or
 - (iii) such charges represent (and do not exceed) such amount Service Provider is required to rebate to other Transportation Facility Users of the Facility where a lateral, compressor, gas heater or other similar item of infrastructure funded by such Transportation Facility Users (whether by direct capital contribution or by committing to reserve capacity) is used to provide services to another person.
- Whether a charge is payable under a majority of contracts is determined by reference to the number of separate contracts for the provision of the relevant Service entered into by Service Provider.
- (f) Nothing in clause 9(e) limits Service Provider's entitlement to levy any other charge referred to in this Part 5 or in the Standard Terms.

10 Imbalance

- (a) The Facility Specific Terms must set out the Shipper's Imbalance Allowance for Traded Forward Haul Services which must be set at a level:
- (i) consistent with the requirements of any Full Access Arrangement applicable to the Pipeline; or
 - (ii) if there is no Full Access Arrangement applicable to the Pipeline, consistent with practice under the Primary Shipper Agreements.
- (b) The Facility Specific Terms must set out the Imbalance Charges applicable where the Shipper's Accumulated Imbalance exceeds the Imbalance Allowance which charges must be:



- (i) consistent with the requirements of any Full Access Arrangement applicable to the Pipeline; or
- (ii) if there is no Full Access Arrangement applicable to the Pipeline, consistent with practice under the Primary Facility Agreements.

There may be more than one quantum of Imbalance Charge. For example:

- (i) the charge may be set at a higher rate for Accumulated Imbalances above a designated level; and
 - (ii) the charge may differ between positive Accumulated Imbalances and negative Accumulated Imbalances.
- (c) The Facility Specific Terms may nominate a level below the Imbalance Allowance for the purposes of clause 12.4(a)(ii) of the Standard Terms but only where this is consistent with practice under the Primary Facility Agreements.
- (d) The Facility Specific Terms may set out an Unauthorised Imbalance Charge for the purposes of clause 12.6(a) of the Standard Terms which charge may be set at such level as Service Provider, acting reasonably, determines is appropriate given the potential adverse impact on the operational integrity of the Pipeline, and the rights of other Transportation Facility Users, of Shipper failing to clear an Accumulated Imbalance as required by that clause 12.6.
- (e) The Facility Specific Terms may set out an Unauthorised Imbalance Charge for the purposes of clause 12.7(b) of the Standard Terms which charge may be set at such level as Service Provider, acting reasonably, determines is appropriate given the potential adverse impact on the operational integrity of the Pipeline, and the rights of other Transportation Facility Users, of Shipper failing to clear an Accumulated Imbalance as required by that clause 12.7.
- (f) The Facility Specific Terms may modify the application of clause 12.5 of the Standard Terms such that trades under that clause are undertaken through a within pipe trading service under which the quantities of Gas traded will be regarded as supplied to a specific part of the Pipeline but only where the Service Provider offers such a within pipe trading service generally on its Facility and the service offered to Shipper is in equivalent terms (including as to risk and cost) as that service.

11 Odourisation

- (a) The Facility Specific Terms may provide that one of Service Provider or Shipper is responsible for odourising Gas but must do so in a manner which is consistent with:
- (i) where there is a Full Access Arrangement for the Pipeline, the Full Access Arrangement; or
 - (ii) otherwise, practice under Primary Facility Agreements.
- (b) Where Service Provider is responsible for undertaking odourisation and:
- (i) the Full Access Arrangement provides for such a charge for Service Provider doing so; or
 - (ii) it is consistent with practice under Primary Facility Agreements for Service Provider to levy a charge for doing so,



then the Facility Specific Terms may specify the amount of the charge and how it is calculated but must do so in a manner which is consistent with:

- (iii) where there is a Full Access Arrangement for the Pipeline, the Full Access Arrangement; or
- (iv) otherwise, practice under Primary Facility Agreements.

12 Metering Principles

- (a) The Facility Specific Terms must set out the Metering Principles applicable to the Facility, which principles must deal with the following:
 - (i) the technical standards with which metering installations and associated equipment at Receipt Points, Delivery Points and Compressors (and if applicable Compressor Receipt Points and Compressor Delivery Points) must comply;
 - (ii) the procedures for measurement and testing of Gas;
 - (iii) the accuracy requirements with which metering equipment must comply;
 - (iv) the procedures to apply where metering equipment is shown to have recorded inaccurately for a period;
 - (v) the party responsible for the installation and maintenance of metering equipment (which may differ between Receipt Points, Delivery Points, Compressor Receipt Points and Compressor Delivery Points); and
 - (vi) the procedures to apply where metering equipment fails.
- (b) The Metering Principles must be consistent with good industry practice and:
 - (i) consistent with the requirements of any Full Access Arrangement applicable to the Pipeline; or
 - (ii) otherwise consistent with practice under the Primary Facility Agreements.
- (c) Service Provider is solely responsible for metering equipment owned or controlled by Service Provider and the Metering Principles must require Service Provider to ensure any metering equipment which Service Provider owns or controls complies with the Metering Principles.
- (d) Where Service Provider is party to contractual arrangements with the owner or controller of metering equipment requiring that metering equipment to meet specified standards then the Metering Principles must require Service Provider to use its reasonable endeavours to ensure that such metering equipment complies with the Metering Principles.
- (e) Where neither clause 12(c) or clause 12(d) applies to metering equipment then the Metering Principles may make Shipper responsible for ensuring that metering equipment complies with the Metering Principles but may not require Shipper to make any modification to the metering equipment or to the way the metering equipment is operated as at the time Shipper commences use of the relevant Receipt Point or Delivery Point or Compressor.



13 Operational Communications

- (a) The Facility Specific Terms may make provision for operational notices (including those relating to nominations, scheduling, curtailment and off-specification gas) to be made through a customer reporting system or other electronic communications system and require Shipper to use such system where such a system is generally used by existing Primary Shippers.
- (b) Service Provider may impose reasonable conditions upon any use of such system by Shipper.
- (c) The Facility Specific Terms may require Shipper to bear the reasonable costs of Service Provider updating such system so that Shipper may use it. Shipper is responsible for implementing any systems required to enable Shipper to connect to and use the system.

14 Compressor Operation

- (a) Where the delivery of Gas to a Delivery Point under the Traded Forward Haul Services or Forward Haul Auction Services requires operation of a specific compressor or compressors on the Pipeline then the Facility Specific Terms may include provisions relating to the operation of the compressor or compressors but only where those provisions are consistent with the terms applying under Primary Facility Agreements for firm forward haul services (as defined in the National Gas Rules) which rely on the operation of the compressor or compressors.
- (b) Where the existing practice of Service Provider under Primary Facility Agreements is to utilise a compressor (whether a compressor owned or operated by Service Provider or a compressor Service Provider has rights to use) to:
 - (i) facilitate the entry of Gas at a Receipt Point of the Pipeline in respect of which the Service Provider provides Transportation Services; or
 - (ii) facilitate the entry of Gas from a Delivery Point on the Pipeline in respect of which the Service Provider provides Transportation Services into a Facility which directly or indirectly connects with the Pipeline,then in respect of Traded Forward Haul Services and Forward Haul Auction Services which will utilise that Receipt Point or Delivery Point the Service Provider must (unless the Shipper elects otherwise) provide a service of compressing the Shipper's Gas to be supplied at the Receipt Point or delivered to the Delivery Point.
- (c) Shipper may only make the election referred to in clause 14(b) if:
 - (i) where Service Provider is not the owner of the compressor, the Shipper has acquired rights from the owner of the compressor to have the Shipper's Gas compressed; or
 - (ii) it is possible to separate Gas that Shipper has supplied to the Receipt Point or takes delivery of at the Delivery Point from Gas being compressed (such that Shipper's Gas is not compressed).
- (d) The terms of the service referred to in clause 14(b) must:
 - (i) be reasonable;



- (ii) be consistent with practice under Primary Facility Agreements which use the compressor; and
- (iii) so far as practicable given the technical characteristics and limitations of the compressor operate consistently with the other provisions of this Operational Transportation Service Code, and not frustrate the operation of those provisions.

15 Compression Services

The Facility Specific Terms may set out additional provisions relating to the provision of Traded Compression Services or Compression Auction Services but only where and to the extent:

- (a) those provisions are reasonable;
- (b) those provisions are consistent with practice under Primary Facility Agreements for use of the Compressor;
- (c) those provisions reflect any technical limitations on the provision of the Traded Compression Service or Compression Auction Service (assuming Service Provider provides the service as a Reasonable and Prudent operator); and
- (d) those provisions are required to ensure the safe and effective provision of the Traded Compression Services or Compression Auction Services in a manner consistent with the operational integrity of the Compressor and the legitimate interests of the Service Provider and other Transportation Facility Users who use the Compressor.

16 Receipt and Delivery Points and Compressor Details

- (a) The Facility Specific Terms must set out each receipt point and delivery point of the Pipeline or specify an internet address (accessible by Secondary Shippers) at which each Receipt Point and Delivery Point is listed.
- (b) In respect of each such Receipt Point and Delivery Point the Facility Specific Terms (or the internet address to which they refer) must set out:
 - (i) the location of the Receipt Point or Delivery Point;
 - (ii) the Zone to which each Receipt Point and Delivery Point is allocated;
 - (iii) the physical daily capacity of the Receipt Point or Delivery Point;
 - (iv) the physical hourly capacity of the Receipt Point or Delivery Point;
 - (v) any consents required to be obtained before a Shipper may use the Receipt Point or the Delivery Point;
 - (vi) any charges (including through contribution agreements) applicable to use of a Receipt Point or Delivery Point;
 - (vii) any allocation agreement to which Shipper must accede before Shipper may use the Receipt Point or the Delivery Point; and
 - (viii) any persons with whom Shipper must agree allocation procedures before Service Provider is entitled (without placing Service Provider in breach of contract) to allow Shipper to use the Receipt Point or Delivery Point.



- (c) The Facility Specific Terms must set out for the Compressor:
 - (i) the location of the Compressor;
 - (ii) the points located in each compression zone (as defined in the National Gas Rules) for the Compressor;
 - (iii) the physical daily capacity of the Compressor;
 - (iv) the physical hourly capacity of the Compressor; and
 - (v) any factors which constrain the capacity of the Compressor.

17 Trading – other entitlements

- (a) The Facility Specific Terms must, to the extent that such transfers may occur without adversely affecting the operational integrity of a Facility, set out terms upon which Shipper may by Bilateral Trade transfer to or acquire from other Transportation Facility Users of the Facility hourly entitlements, imbalance entitlements and other contractual entitlements to use capacity of the Facility or use it in a given way and how such trades are given effect.
- (b) Any such terms must be reasonable and must be designed to facilitate such trading in a manner similar to the manner by which Bilateral Trades are undertaken.

18 Accommodating Differences in Gas Days

- (a) Where a Facility interconnects with another Facility which uses a different definition of Day (for example because part of each Facility is located in a different State or Territory to the other Facility) then the Facility Specific Terms must include provisions for regulating how use of the Facility is managed so as to minimise the impact of those differences on the Shipper's transportation of Gas between the Facilities.
- (b) The issues to be addressed by the provisions include:
 - (i) how to manage the fact that Shipper's nomination for use of each Facility (and therefore scheduled quantities between one Facility and the other) may differ due to the differences in the definition of Day; and
 - (ii) the effect of the differences in the definition of Day on Shipper's ability to utilise and keep within its daily and hourly entitlements.
- (c) The provisions set out in the Facility Specific Terms must be consistent with the existing procedures used by the Facility (whether or not those procedures are documented).
- (d) This clause 18 ceases to apply as from the Standard Market Timetable Commencement Date.

19 Specific Facility Issues

- (a) The Facility Specific Terms may include provisions to deal with the specific circumstances of the Facility which circumstances are not adequately addressed by



the provisions of the Operational Transportation Service Code but only to the extent that:

- (i) those provisions are required to protect the operational integrity of the Facility;
 - (ii) those provisions reflect the technical limitations or characteristics of the Facility (or the Gas received into the Facility) and, given those limitations and characteristics, are reasonable;
 - (iii) those provisions are required by any Laws; or
 - (iv) those provisions are included in a Full Access Arrangement.
- (b) Examples of provisions permitted by clause 19(a) include:
- (i) provisions to address the quality of Gas which will be supplied at certain Receipt Points;
 - (ii) the provision of a service for the processing or treatment or blending of Gas; and
 - (iii) provisions to address the ability to transfer Gas at certain Delivery Points where the ability to transfer that Gas is dependent upon the pressure differential between the Delivery Point and a point to which it connects.



4. Outline of Capacity Transfer and Auction Procedures

Outline of the Capacity Transfer and Auction Procedures

Introduction

- 1 New Division 2D of Part 6 of Chapter 2 of the National Gas Law (**NGL**) (sections 91BRP to 91BRR) will provide for AEMO to make the Capacity Transfer and Auction Procedures and for the Procedures to be binding on AEMO and each person to whom the Procedures apply. The Procedures are directed at:
 - (a) the effective operation and administration of a capacity auction in accordance with the Rules; and
 - (b) the effective operation and administration of transaction support arrangements.¹
- 2 Under proposed new section 91BRQ of the NGL, the Procedures can impose obligations on transportation service providers, transportation facility users, capacity auction participants and gas trading exchange members.
- 3 The draft National Gas Rules provide for matters to be dealt with in the Procedures, including:
 - (a) in Part 18, information to be published about the capacity auction (rule 195B);
 - (b) in Part 24, information about registration (rules 617, 622, 624); obligations of transportation service providers to provide information (rule 625 and 626); arrangements for consulting on the allocation of service points to zones (rules 627 and 628); arrangements for dealing with transactions that need to be recognised in the STTM or DWGM (rule 630); qualifications to the obligation to give effect to certain transactions through the exchange (rule 638); and payment terms for service continuity arrangements (rule 639);
 - (c) in Part 25, the arrangements for the auction including the specification of the methodology used to calculate the auction quantity limits (rule 653); the rules for bidding, allocation of capacity and the determination of clearing prices (rule 652); settlement calculations (rule 652); arrangements for suspension (rules 657 and 658); the standard form of auction agreement (rule 657(2)); and the obligations of transportation service providers to provide information for the auction (rule 654) and to give effect to auction results (rule 655); and
 - (d) in Schedule 5, further detail to support the operation of Part 5 of Schedule 5 under which information about compression service facilities will be given to AEMO for publication on the Bulletin Board.

¹ The draft Bill defines transaction support arrangements as arrangements to facilitate transactions with respect to transportation capacity and related goods and services concluded or to be concluded through a gas trading exchange or capacity auction. Transaction support arrangements do not extend to facilitating bilateral trades for transportation capacity.

- 4 In addition, new provisions in Part 15B will list those and other matters that may be included in the Procedures.
- 5 Part 25 of the Rules provides for AEMO to designate part of the Capacity Transfer and Auction Procedures as Auction Procedures. Auction participants will be required to comply with the Auction Procedures under the auction agreement entered into with AEMO.

General matters

- 6 **Registration forms and process:** The Procedures will provide more detail about the application process for registration by transportation service providers under Part 24 and the content of the register. Information to be provided will include:
 - (a) information about the transportation service provider itself;
 - (b) information about the transportation service provider's facilities; and
 - (c) information needed for administration (not for publication) – principal contacts, authorised system users and account details for payment and settlement.
- 7 **Other information requirements:** The Procedures will specify information to be provided and maintained by registered transportation service providers such as information about the primary facility agreements and operational transportation service agreements between which capacity may be transferred.
- 8 **Transportation service point register:** The Procedures will:
 - (a) require transportation service providers to give AEMO information about the points (both physical and notional) at which transportation services are provided and to assist with modelling the proposed allocation of pipeline service points and compression service points to zones;
 - (b) set out a framework for AEMO to consult on and determine the allocation of pipeline service points and compression service points to zones and any changes. Part 24 sets out the minimum requirements for the consultation process; and
 - (c) provide for AEMO to publish the list of service points, zones and pipeline segments as a separate 'transportation service point register'.
- 9 **Giving effect to gas trading exchange capacity transactions:** The Procedures will set out the process, form and timing for the exchange of information between AEMO and transportation service providers in relation to transactions for transportation capacity concluded through the capacity trading platform (which forms part of the gas trading exchange). This will include:
 - (a) notice of transactions from AEMO to the transportation service provider;
 - (b) validation by the transportation service provider and the response to AEMO;

- (c) the circumstances under which the transportation service provider may decline to give effect to a transaction concluded through the gas trading exchange; and
 - (d) information from transportation service providers about the termination of a primary facility agreement, when that is the agreement from which capacity traded on the exchange was first derived.
- 10 **Service continuity payments:** The Procedures will provide the terms of payment by AEMO to transportation service providers for the use of transportation capacity bought through the gas trading exchange during the 14 day period after AEMO has been notified of termination of a primary facility agreement from which the capacity was first derived.²
- 11 **Contingency arrangements:** The Procedures will set out how AEMO and transportation service providers are to respond if there are system failures.

DWGM and STTM interface

- 12 The Procedures will set out the arrangements for:
- (a) capacity transactions concluded through the gas trading exchange to be notified where required for the arrangements governing the DWGM and the STTM; and
 - (b) the purchase of capacity in the capacity auction to be notified where required for the arrangements governing the DWGM.

Compression service facility information

- 13 The Procedures will set out additional requirements to support the operation of Part 5 of Schedule 5 under which the operators of compression service facilities need to report information to AEMO for publication on the Bulletin Board. This part of the Procedures will be based on the corresponding provisions in the BB Procedures.

Auction Procedures

- 14 **Terms of participation:** The Auction Procedures will set out:
- (a) the form of auction agreement, which Part 25 will specify must deal with matters including:
 - (i) general contractual matters;
 - (ii) obligations to provide payment security and prudential calculations;
 - (iii) procedures and timing for payment and settlement of auction amounts payable; and
 - (iv) joint settlement and joint calculation of prudential requirements for auction participants who are also gas trading exchange members.

² Rule 638 and Part 22. The calculations themselves will be determined using the methodology made by AEMO under Part 22.

- (b) eligibility criteria for signing an auction agreement, such as requirements for the applicant to:
 - (i) be resident in, or have a permanent establishment in, Australia;
 - (ii) not be an externally-administered body corporate (as defined in the Corporations Act) or under a similar form of administration under the laws of some other jurisdiction;
 - (iii) not be immune from liabilities incurred as an auction participant;
 - (iv) be capable of being sued in its own name in a court of competent jurisdiction; and
 - (c) the prudential calculations.
- 15 **Administrative matters:** The Auction Procedures will deal with administrative matters such as:
- (a) a list of the representatives to be appointed by the auction participant – primary contact, 2 systems representatives, settlements representative;
 - (b) the provision of information to AEMO such as contract reference details for each Auction Participant's agreements with facility operators;
 - (c) obligations with respect to use of the auction platform, maintaining the security of passwords and arrangements for AEMO to publish an interface protocol if needed;
 - (d) preconditions to system access for bidding – representatives appointed, testing complete (if needed), any other matters; and
 - (e) AEMO's obligations to make and keep records and access to the records.
- 16 **Conduct of the Auction:** The Auction Procedures will set out:
- (a) specification of auction products or the manner in which that is determined;
 - (b) the methodology for calculating auction quantity limits;
 - (c) information AEMO will provide to auction participants before and after the auction and any provision for restricted access to information;
 - (d) when the auction is run and the bidding process, including how bids are made, the form of bids, when they must be submitted, changes to bids (if allowed) and rejection of invalid bids;
 - (e) specific suspension events such as bidding in excess of a trading limit or failing to meet a margin call;
 - (f) contingency arrangements if there is an auction platform failure or facility operators fail to submit information when required;
 - (g) notification of auction results to winning bidders;
 - (h) settlement calculations for winning bidders (how much they must pay);

- (i) settlement calculations for facility operators (how much they will be paid); and
 - (j) what is to occur if the auction results are incorrect.
- 17 **Information to be exchanged with facility operators:** The Auction Procedures will set out:
 - (a) arrangements for validation of contract information provided to AEMO by auction participants;
 - (b) further detail, including content, form and timing, about:
 - (i) information to be provided to AEMO for the calculation of auction quantity limits;
 - (ii) auction results to be provided by AEMO;
 - (iii) information to be provided to AEMO for settlement about the curtailment of capacity sold in the auction and nominations for use of the capacity; and
 - (iv) any revisions to information already provided.
- 18 **Giving effect to auction results:** The Auction Procedures will set out:
 - (a) any circumstances in which a facility operator may decline to give effect to the auction results; and
 - (b) provisions relating to the timing of nominations for use of capacity purchased in the auction.
- 19 **BB reporting:** The Auction Procedures will set out the information AEMO must publish on the BB in relations to the auction, covering quantities offered in the auction, renominations affecting auction results and the auction results (clearing prices and quantities offered).