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Gas Market Reform Group
c/o Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Re: **Capacity Trading Reform Package**
Draft Legal and Regulatory Framework

Dear Sir/Madam,

Thank you for affording the Power and Water Corporation (PWC) the opportunity to review and comment upon the legal and regulatory framework proposed by the Gas Market Reform Group (GMRG) to implement the capacity trading reform package (Reform Package).

As you are aware, for reasons previously submitted to the GMRG and Australian Energy Market Commission (AEMC), PWC does not agree with the application of the Reform Package in the Northern Territory (NT). PWC strongly maintains that view and hopes that the COAG Energy Council will not accept the AEMC's recommendation to apply the Reform Package in the NT until a competitive market can be established. On this basis, the comments set out in this letter are only intended to respond to the detailed legal and regulatory framework package proposed by the GMRG and should not be taken as indicating that PWC has changed its position in relation to the Reform Package.

Overall, PWC considers that the detailed package of reforms and legislative and regulatory changes, as proposed by the GMRG, is inconsistent with both established commercial and regulated access arrangements and the National Gas Objective (NGO). In PWC's view, considerable review and redesign is essential to develop workable arrangements that are consistent with the NGO, and that might deliver benefits that justify their implementation costs.

Enclosed herewith is the GMRG's preferred stakeholder feedback template, completed to incorporate PWC's specific feedback on the proposed legal and regulatory framework. By way of summary overview, we consider the following observations to be of particular importance:

It would appear that the Reform Package, and the draft legal and regulatory framework, have been developed with minimal if any regard for both public information regarding the NT pipeline industry, and input already provided by PWC to the GMRG. A material example of this is the GMRG's proposal that existing pipeline capacity rights be grandfathered to market generating units for just two years. There are no market generating units within the NT and the

proposed day ahead auction arrangements if adopted, risk compromising the reliability of supply of electricity to the general public and industry of the NT.

Further, the concept of a 'transitional firm quantity' (being the service that may be grandfathered) is confusing and unworkable, especially paragraph (d) of that definition. For example, it is unclear whether existing pipeline service arrangements, such as park and loan, fall within its scope.

The hybrid approach to the day-ahead auctioning of pipeline capacity is at clear odds with established commercial and regulated access arrangements in the NT, and elsewhere in Australia. It is unreasonable, for un-contracted pipeline capacity to be included in any day-ahead auction – as PWC understands it, the day-ahead auction is supposed to be an auction to provide a successful bidder with access to "contracted but un-nominated capacity", and not access to "uncontracted but un-nominated capacity" by means of reallocating contracted but un-nominated capacity to another receipt point or delivery point which has spare capacity.

It is also unacceptable for day-ahead auction arrangements (for example, the obfuscation of civil liability provisions) to potentially erode shippers' existing contractual rights, especially in relation to rights under which a user is entitled to a rebate (or sharing) of revenue earned by a pipeline operator in circumstances in which the user has fully underwritten the development of the pipeline. This may have impact on future gas transportation investment decisions.

In addition to specific feedback, PWC has serious concerns about the ability of the major energy industry participants to implement the arrangements contemplated by the Reform Package in the NT within the timeframes proposed by the GMRG. That concern is driven by a number of confidential developments that are currently taking place in the NT gas and electricity industries.

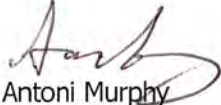
PWC submits that the nature and timing of those developments is such that it may be prudent to defer the implementation of the Reform Package (or at least elements of it) in the NT until a competitive market exists.

PWC is keen to discuss the developments, as well as the timing of the implementation of the Reform Package, with the GMRG and would welcome the opportunity for a meeting or teleconference.

PWC notes that it has not completed the remaining sections (2, 3 and 4) of Attachment 2 (Stakeholder feedback template). Any further commentary on these sections would not be useful or beneficial at this stage given PWC's concerns as outlined with the overall framework proposed under the Reform Package. In addition, given the limited timeframe provided and the extensive resource required to undertake a clause by clause analysis, this has made it difficult to complete. Finally, as PWC has limited experience or involvement in the operation of the regulated east coast gas market it is unable to provide detailed commentary.

If you wish to discuss any aspect of PWC's comments, please telephone Mr Roland Sleeman on 0412 691 365 or me on 0429 369 298.

Yours sincerely,



Antoni Murphy
General Manager – Gas Supply
Power Water Corporation

27 April 2018

(*) Enc Completed GMRG Attachment 2 Stakeholder feedback template



Attachment 2 Stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The GMRG strongly encourages stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern.

1. Explanatory note questions

Questions		Feedback
3.4 Questions on the overall legal and regulatory framework		
1.	Do you believe the proposed amendments to the NGL, Regulations and NGR implement the design of the capacity trading reforms effectively? If not, why not?	While the amendments appear to implement the present design, this must not be taken to mean that the design itself is acceptable. Rather, there are multiple material issues with the design including problems as set out below (Especially at points 17 and 25 below)
2.	Do the market bodies have adequate powers to do what they need to do to facilitate the outcomes sought by the reforms?	No comment
3.	Do you agree with the GMRG's recommendation with regard to which rules are classified as civil penalty and/or conduct provisions (see Appendix A)? If not, why?	No comment
4.	Are there any changes to the NGL, Regulations or NGR that you consider are necessary to ensure parties are unable to game or undermine the intended objective of the reform package?	<p>1. There is a lack of clarity as to whether uncontracted capacity in a pipeline zone is defined as spare capacity and thus is part of the auction process. Our understanding to date has been that the only capacity subject to the auction process is contracted but un-nominated capacity. (See also points 17 and 25 below).</p> <p>2. There is a risk that the proposed drafting could unnecessarily and unacceptably impact upon existing commercial arrangements. In particular, the proposed section 91BRO of the NGL essentially provides that a 'protected person', which includes a service provider, will incur no civil monetary liability to a transportation facility user by reason of the sale of transportation capacity through a capacity auction. It would be unacceptable and inconsistent with the NGO for the proposed reforms to erode existing contractual entitlements, for example, for sharing of revenue between a service provider and a shipper (where that shipper is otherwise funding ALL costs of a gas pipeline), if and to the extent that the</p>

	Questions	Feedback
		liability to pay such a share of revenue could be characterised as a civil monetary penalty (as that term is expensively defined) that arises by reason of the sale of capacity through a capacity auction.
5.	Are any other transitional rules not currently included in Schedule 5 required? If so, what are they and why are they required?	For reasons as set out herein the day ahead auction is unworkable in the Northern Territory and should be delayed. In particular, the auction design is not aligned with commercial arrangements applying in the NT. Nor does it have due regard for or accommodate the NT's dependence upon gas for generation of electricity. If the design is not adjusted to accommodate those arrangements, than a transition period is essential to afford market participants opportunity to revise contracts and systems to accommodate the auction and to ensure continued reliability of electricity supply within the NT, which is not part of the NEM.
4.1.1 Exemptions		
6.	<p>Having regard to the objectives of the capacity trading reforms and the Energy Council's approval of the GMRG's recommendation on coverage of the auction, do you agree with the proposal to:</p> <ul style="list-style-type: none"> Apply the same exemption criteria to the obligation to publish a standard operational agreement and the auction? If not, why? Replace the single end-user facility criterion, with a single shipper criterion? If not, why? 	These recommendations are appropriate
7.	<p>Do you think the following definition of 'Part 24 compression service facility' will achieve the objective of capturing stand-alone compressors, such as the Moomba, Ballera, Wallumbilla and Iona compression facilities, but excluding other compression facilities (e.g. compression facilities that form part of the pipeline that are used to provide an integrated service and upstream compression facilities? If not, please explain what amendments you think need to be made to this definition.</p> <p>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</p>	No comment
8.	Do you agree with the proposal to allow facilities with a nameplate rating	Such facilities should not be required to offer a standard operational agreement.

	Questions	Feedback
	less than 10 T/J/day and single shipper facilities, up to 60 business days to develop and offer a standard operational agreement? If not, why?	Such a requirement will result in material costs being incurred and is open to abuse.
9.	Do you agree with the proposal to allow a single shipper exemption to be revoked if another shipper enters into an operational TSA with the service provider? If not, please explain why.	No. To do so will reduce or remove any incentive that the service provider might have to enter into an operational TSA in respect of a single shipper facility.
4.1.2 Governance model for the Code		
10.	Do you agree with the proposal to allow the AER to play a more proactive role in overseeing modifications to the Code? If not, please explain why.	No objection provided that there is appropriate consultation with stakeholders.
11.	Do you agree with the proposed composition of the OTS Code Panel, which will comprise: two service providers, two shippers (one of which must be a large end-user) and AEMO? If not, please explain why not and the changes you would suggest be made to the composition of the OTS Code Panel.	No objection, provided the two shippers use different infrastructure, preferably including NT infrastructure.
4.1.3 Measures to address contractual limitations in facility agreements		
12.	Do you agree with the proposal to use a request and negotiate framework, rather than a standard form agreement model or more prescriptive provisions in the NGR to overcome the limitations on capacity trading in facility agreements? If not, please explain why.	No comment
13.	Do you think the 30 day period allowed for service providers to respond to a shipper seeking an amending agreement is appropriate? If not, why?	No comment
14.	Do you agree with the principles that service providers will be required to give effect to when amending the facility agreement in rule 642?	No comment
15.	Do you agree with the proposal to require service providers to comply with the change in receipt and delivery point provisions in rule 643?	No comment
16.	Do you agree with the proposal in rule 643(6) to restrict the ability of service providers to make its consent on a receipt or delivery point change 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	Yes

	Questions	Feedback
	obtain that person's consent arises under a contractual provision entered into before 3 January 2018. If not, why?	
4.1.4	Governance arrangements for the specification of zones	
17.	Do you agree with the GMRG's proposed change to the governance arrangements for the specification of zones? If not, please explain why not and set out the arrangements that you think should be employed.	No. This is inconsistent with pre-existing commercial and operational regimes in the NT, and perhaps also (for GMRG to ascertain) in other jurisdictions. As is clear from section 2.3 of the Access Arrangement for the Amadeus Gas Pipeline, shippers reserve capacity at receipt and delivery points, not within pipeline zones. Shippers can nominate gas delivery in any direction from a receipt point (at which they have contracted capacity) to a delivery point (at which they have contracted capacity). Shippers do not contract for capacity between points or within zones. Accordingly, the proposed governance arrangements are not workable. Contracted but un-nominated capacity can only exist at receipt or delivery points, not between any particular sets of points or within particular zones.
18.	Do you agree with the specification of the principles that AEMO would be required to have regard to when determining the allocation of service points to zones? If not, please set out why not and any amendments you would propose to these principles.	No comment
19.	Do you agree with the information disclosure obligations that service providers would be subject to under the NGR?	No comment
20.	Do you think any additional guidance on the specification of zones is required in the NGR?	No comment
4.1.5	Other matters	
21.	Do you think the proposed service provider cost recovery arrangements provide sufficient protection against the risk of 'gold plating' or 'cost shifting'? If not, please explain why and identify any other measures you think should be employed.	It may be prudent for the AER to have an option to call for an independent audit
5.1.1	Grandfathered rights	
22.	Do you think the proposal to limit the availability of grandfathered rights to gas fired generators for use at their generation plant is appropriate? If	There are material problems with the proposal including, but not limited to: 1. The proposed provisions are unacceptable in that they are limited to 'market

	Questions	Feedback
	not, please explain why	<p>generating units' (a NEM related construct). NT's pipeline infrastructure has been developed to specifically service electricity generation requirements and these requirements, including the gas-fuelled electricity generators, are not part of the NEM.</p> <p>2. The concept of 'transitional firm quantity' is ill-defined and potentially unworkable. For example, it does not accommodate a 'park and loan' type service.</p> <p>3. The two-year limitation is unacceptable. The NT is dependent upon gas for generation of electricity to meet users' needs, and has funded (and continues to fund) the cost of pipeline infrastructure to meet these needs. It is unacceptable to propose that reliability of supply of electricity within the NT be put at risk after a 2-year period. The GMRG's proposed approach is not aligned with the NGO or the intent of the market reforms.</p>
23.	Do you think the proposed two-year transitional period for grandfathered rights is appropriate? If not, please explain why.	No. The NT is entirely dependent upon gas for generation of electricity to meet household and industry needs. Infrastructure in the NT has been developed, and funded, specifically to meet these needs, which can vary markedly, and unpredictably, not only from season to season but from hour to hour. The ability to service these needs must not be eroded by the new regime. Rather, if a new shipper requires access to new firm capacity that shipper should be required to fund any works necessary to provide such capacity.
24.	Are there any other limitations that you think should be placed on the availability and/or use of grandfathered rights?	No. The limitations already proposed have no regard for the circumstances of the NT, which is not part of the NEM.
5.1.2 Contract path specification		
25.	<p>Do you agree with the GMRG's proposal to use the hybrid model for forward haul and compression services? If not, please explain why and in doing so:</p> <ul style="list-style-type: none"> ▪ set out the approach you think should be employed; and ▪ why you think this approach is more consistent with the objectives of the capacity trading reform package, the NGO and the Energy Council's Vision. 	<p>No.</p> <p>This is inconsistent with pre-existing commercial and operational regimes in the NT, and perhaps also (for GMRG to ascertain) in other jurisdictions. As is clear from section 2.3 of the Access Arrangement for the bi-directional Amadeus Gas Pipeline, shippers reserve capacity at receipt and delivery points, not within pipeline zones. Shippers can nominate gas delivery in any direction from a receipt point (at which they have contracted capacity) to a delivery point (at which they have contracted capacity). Shippers do not contract for capacity between points or within zones. Accordingly, the proposed hybrid model for forward haul services is not workable. Contracted but un-nominated capacity can only exist at receipt or delivery points, not between any particular sets of points or within particular zones.</p> <p>The proposed approach has potential to see spare (but uncontracted and un-nominated) pipeline capacity included in the day-ahead auction when it should</p>

	Questions	Feedback
		<p>instead, if required by a shipper, be contracted in the normal manner. For the day-ahead auction to lead to this perverse outcome (as a consequence of the hybrid model) is inconsistent with the NGO and the Energy Council's Vision. It is clear that there was no intent for uncontracted capacity to be included in the day-ahead auction since, to do so, would erode proper incentive for parties to properly contract (on regulated or negotiated terms) for their requirements.</p> <p>Consistent with the NGO and the Energy Council's Vision, the day-ahead auction is to be for contracted but un-nominated capacity. The long-established and approved commercial arrangements applying in the NT (and perhaps elsewhere) needs to be taken into account, and honoured, not ignored.</p>
26.	Do you agree with the proposal to allow AEMO to determine the backhaul receipt and delivery points to be included in the auction? If not, please explain why	<p>This proposal will only be workable if any such determinations have regard for established and approved commercial arrangements applying to the pipeline in question.</p> <p>We believe that the auction process can only work in an environment where there is genuine competition for capacity.</p>
27.	If AEMO is to determine the backhaul points to be included in the auction, do you think any principles need to be included in the NGR to guide this decision, or should it just be carried out by reference to the Part 25 objective and the NGO?	Any such determinations must have regard for established and approved commercial arrangements applying to the pipeline in question.
5.1.3 Methodology used to calculate auction quantity limits		
28.	Do you agree with the proposal to require the methodology to be used to calculate the auction quantity limits to be specified in the Auction Procedures? If not, why?	<p>There are no issues with including the methodology in the Auction Procedures, – however we do not agree with the proposed methodology itself.</p> <p>The proposed methodology is inconsistent with pre-existing commercial and operational regimes in the NT, and perhaps also (for GMRG to ascertain) in other jurisdictions. As is clear from section 2.3 of the Access Arrangement for the bi-directional Amadeus Gas Pipeline, shippers reserve capacity <u>at</u> receipt and delivery points, not within pipeline zones. Shippers can nominate gas delivery in any direction from a receipt point (at which they have contracted capacity) to a delivery point (at which they have contracted capacity). Shippers do not contract for capacity between points or within zones. Accordingly, the proposed hybrid model for forward haul services is not workable. Contracted but un-nominated capacity can only exist at receipt or delivery points, not between any particular sets of points or within particular zones.</p> <p>The proposed methodology has potential to see spare (but uncontracted and un-</p>

	Questions	Feedback
		nominated) pipeline capacity included in the day-ahead auction when it should instead, if required by a shipper, be contracted in the normal manner. For the day-ahead auction to lead to this perverse outcome (as a consequence of the hybrid model) seems inconsistent with the NGO and the Energy Council's Vision. We do not believe it was intended for uncontracted capacity to be included in the day-ahead auction since, to do so, would erode proper incentive for parties to properly contract (on regulated or negotiated terms) for their requirements. Consistent with the Energy Council's Vision, the day-ahead auction should be for contracted but un-nominated capacity. The long-established and approved commercial arrangements applying in the NT (and perhaps elsewhere) must be taken into account, and honoured, not ignored.
29.	Do you think any additional principles need to be included in the NGR to guide AEMO's development of this methodology? If so, please specify the principles and why you think they are required.	See above. The methodology should be refined so as to be consistent with long-established commercial and regulatory arrangements.
5.1.4 Other matters		
30.	Do you think the balance that has been struck between the various legal and regulatory instrument is appropriate? If not, what changes do you think need to be made to achieve a better balance?	No. Long-term infrastructure users' (and therefore funder) rights and interests are likely to be compromised. For example, see response #2 to question 4 above.
31.	Do you think there are any contractual or other legal impediments to prevent auction facility operators giving effect to the results of the auction and auction service priorities? If so, what are they and how do you think they could be addressed?	We believe that it is inappropriate, and potentially legally unsustainable, to have auction arrangements that are patently inconsistent with established commercial (long-term contracts) and regulatory (AER approved) arrangements for use of gas pipeline infrastructure.
32.	Do you think information on intra-day curtailments to capacity sold in the auction should be published on the Bulletin Board during the gas day? If so: <ul style="list-style-type: none"> What benefit do you think it would provide? Do you think the obligation to report this information should be limited to material curtailments (e.g. where the capacity sold in the auction is curtailed by more than 10%)? 	No comment.
33.	Do you think information on the grandfathered rights that have been scheduled ahead of the auction should be published on the Bulletin Board after the gas day? If so, what benefit do you think it would provide?	We do not think this is necessary.

	Questions	Feedback
34.	Are there any other types of information that you think could be published that have not already been identified, which would allow auction participants to better understand the risks?	No comment
7.1 Allocation arrangements		
35.	Do you have any concerns with allocation agents that operate at points through which gas is injected into or withdrawn from a Part 24 facility being required to provide AEMO with the information set out in Table 7.1?	No
36.	Is there other information regarding allocation arrangements that should be published to ensure these agreements do not act as a barrier to trade?	No
8.1 Transitional arrangements		
37.	Are the provisions in the NGL and Part 26 of the NGR sufficient to trigger change of law provisions and enable changes required to existing contracts to implement the harmonisation of the gas day start time and, as applicable, the nomination cut-off time? If not, why?	<p>While the provisions may be adequate to enable first-level changes (that is, to existing contracts between service providers and shippers), shippers' ability to comply with the new timing will (almost inevitably) be dependent upon corresponding changes to their customers (and their customers' customers, and so on) arrangements. By way of one simple example, to be able to comply with the new timing a shipper supplying gas to a power station, and in turn the power station with its electricity off-taker, and then the off-taker with its end-users, will all need to change their downstream arrangements.</p> <p>It is doubtful that individual service providers or shippers can ascertain whether change of law provisions might be triggered for the multitude of affected contracts. It is therefore unclear whether the proposed NGL and NGR provisions are sufficient to trigger this multitude of downstream, and potentially upstream, changes. The GRMG must address this. Service providers and shippers cannot.</p>
38.	<p>With regard to the information required to be published by facility operators:</p> <ul style="list-style-type: none"> Do you think transitional rule 4, Part 6 (Schedule 5) will facilitate coordination between interconnected facilities and AEMO without being overly burdensome on facility operators? If not, why? Is the 30 June 2019 cut-off date for publication appropriate? If not, when should this information be required to be published and why? 	No comment

	Questions	Feedback
9.1 Key timings		
39.	<p>Do you have any concerns with the timings outlined Chapter 9? If so, what are they and how do you suggest the timings are adjusted?</p>	<p>See item 5 above. In our opinion, the day-ahead auction design needs major revision. It is presently unworkable in the NT (and potentially elsewhere). Even if the material concerns set out above are resolved, it is doubtful that requisite changes can be implemented in the proposed timeframes.</p>
40.	<p>In the event the capacity trading reforms are applied in the Northern Territory, do you believe the timings set out in Table 9.4 are appropriate? For example:</p> <ul style="list-style-type: none"> – Part 18 of the NGR uses 'NT application date', defined as the date falling 90 days after the date on which the first NT interconnector is commissioned, to determine when Part 18 applies to facilities in the NT. Following this 90 day period, BB facilities that are also NT facilities have 20 business days to apply to AEMO to register under Part 18. In practice, this means that NT auction facilities may be subject to the capacity auction (which commences on the date falling 80 business days after commissioning), prior to publishing information on the Bulletin Board. Should the Part 18 obligations come into effect for NT auction facilities prior to the commencement of the auction? 	<p>It would be imprudent for GMRG to recommend any reforms that are unworkable or inconsistent with existing commercial and regulatory frameworks, or which compromise the reliability of energy (including electricity) supply within any state or territory. Even if the material concerns set out above are resolved, it is doubtful that requisite changes can be implemented in the proposed timeframes.</p> <p>PWC has a general and serious concern about the ability of the major gas industry participants to implement the arrangements contemplated by the reform package in the NT within the timeframes proposed by the GMRG. That concern is driven by a number of confidential developments that are currently taking place in the NT gas and electricity industries.</p> <p>PWC submits that if these reforms are to apply to the NT then the nature and timing of those developments is such that it may be prudent to defer the implementation of the reform package (or at least elements of it) in the NT until a workable competitive environment exists.</p>

2. National Gas Laws Amendments (Capacity Trading and Auctions)

Amendment	Issue	Feedback
Schedule 1	Amendment of National Gas Law	
1	Section 2 (1), definition of "Bulletin Board information"	
2	Section 2 (1), various new definitions	
3	Section 2 (1), definition of "initial National Gas Rules"	
4	Section 2 (1), definition of "Natural Gas Services Bulletin Board"	
5	Section 8 (3)	
6	Section 27 Functions and powers of the AER	
7	Section 74 Subject matter for National Gas Rules	
8	Section 74 (1) (aab)–(aad)	
9	Section 74 (3) (fb)	
10	Sections 83B–83D	
11	Section 91A— AEMO's statutory functions	
12	Section 91A (1) (gb) and (gc)	
13	Chapter 2, Part 6, Divisions 2C–2E	
14	Chapter 2, Part 6, Division 3 and 4	
15	Section 91GG Disclosure of protected information for safety, proper operation of the market etc	
16	Section 91H Obligations under Rules or Procedures to make payments	
17	Section 218 AEMO's obligation to maintain Bulletin Board	
18	Section 219 AEMO's other functions as operator of Natural Gas Services Bulletin Board	
19	Section 223 Obligation to give information to AEMO about natural gas and natural gas services	
20	Section 223A	
21	Section 224 Person cannot rely on duty of confidence to avoid compliance with obligation	
22	Chapter 7A	
23	Section 294G	

24	Section 322 Service provider may enter into agreement for access different from applicable access arrangement	
25	Schedule 1-Subject matter for the National Gas Rules	
26	Schedule 1, items 55T	
27	Schedule 1, items 68A–68G	
28	Schedule 1, item 69A	
Schedule 2	Amendment of National Gas Regulations	
1	Regulation 5A Definition of compression service facility	
2	Regulation 10 Maximum civil monetary liabilities	
3	Regulation 10 (1) (dc) and (dd)	
4	Regulation 10 (1) (e)	
5	Regulation 10 (2)	
6	Regulation 10 (2) (d) and (e)	
7	Regulation 10 (3), definition of "prescribed amount"	
8	Regulation 10 (3), definition of "relevant event"	
9	Regulation 10 (3), definition of "relevant event"	
10	Schedule 2 Exclusions from definition of pipeline	
11	Schedule 3 Civil penalties	
12	Schedule 4 Conduct provisions	



3. National Gas Rules
Part 15A Registered Participants

Draft Rules	Issue	Feedback
Division 3	Participant fees	
135C	Definitions	
135CA	Development of participant fee structure	
135CC	Components of participant fees	
135CF	Budgeted revenue requirements	

Part 18 Natural Gas Services Bulletin Board

Draft Rules	Issue	Feedback
Division 1	Interpretation and application	
141	Interpretation	
Division 2	Bulletin Board	
147	AEMO to maintain BB Register	
Division 3	Register and registration	
158A	Obligation to register as BB allocation agent	
158B	Obligation to register BB allocation point	
158C	Registrations for capacity transaction reporting	
158D	Appointment of capacity transaction reporting agent	
160	AEMO to register	
161	Revocation of registration	
Division 4	Information standard and related obligations	
165	Standard for information or data given under this Part or the BB Procedures	
Division 5	Information to be provided by BB reporting entities	
168	Nameplate rating information	
170A	Allocation methodology and agreement	
174	[Not used]. – Deletion of Secondary trade date for BB pipelines	
190A	Obligation to report	
190B	Reporting by the GSH Operator	
Division 7	Publication of information by AEMO	
195A	Publication of capacity transaction information	
195B	Publication of capacity auction information	



Part 22 Gas Trading Exchange

Draft Rules	Issue	Feedback
Division 1	Preliminary	
533	Definitions	
Division 2	Operator	
534	Fees recoverable by AEMO	
536	Determination of payments on close out	
536A	Payments where primary facility agreement is terminated	

Part 24 Facilitating capacity trades and the capacity auction

Draft Rules	Issue	Feedback
Division 1	Preliminary	
591	Application	
592	Structure of this Part	
593	Definitions and interpretation	
594	Part 23 does not apply	
Division 2	Operational Transportation Service Code	
595	Objective and effective date	
596	Content of the Code	
597	Standard operational transportation services and auction services	
598	Standard terms and facility specific terms	
599	Establishment and operation of the OTS Code Panel	
600	Functions of the Operational Transportation Service Code Panel	
601	Code modification proposals	
602	Consultation by the OTS Panel	
603	AER response to OTS Code Panel recommendations	
604	Code modifications	
605	Principles for making Code modification decisions	
606	Members of the OTS Code Panel	
607	Nomination, election and appointment of members	
608	Obligations of OTS Code Panel members	
609	Meetings of the OTS Code Panel	
Division 3	Exemptions and registration	
610	Scope of exemptions	
611	Exemptions granted by the AER	
612	Exemption conditions	
613	Revocation	
614	Making and form of application	

615	Decision on application	
616	Decision to vary or revoke an exemption	
617	AEMO to maintain register and publish guide	
618	Registration of transportation service providers	
619	Obligation to register Part 24 facilities	
620	Multiple transportation service providers for a Part 24 facility	
621	Change of transportation service provider	
622	Application for registration	
623	AEMO to register applicants and their facilities	
624	Revocation of registration	
Division 4	Matters for the Capacity Transfer and Auction Procedures	
625	Information about contracts	
626	Service point and pipeline segment specifications	
627	Allocation to zones	
628	Principles for determining zones	
629	Transportation service point register and information about zones	
630	Interface with the STTM and the DWGM	
Division 5	Obligations of transportation service providers relating to standard form agreements	
631	Obligation to publish	
632	Content of standard operational agreements	
633	Amendments to standard operational agreements	
634	Recovery of standardisation costs	
635	AER review of standard form agreements	
636	Requests for standard operational agreements	
637	Offers for standard operational agreements	
Division 6	Other service provider obligations	
638	Giving effect to operational transfers	
639	Service continuity for primary service termination or suspension	
640	Amendment of facility agreements	
641	New facility agreements	



642	Principles for terms to facilitate sale by operational transfer	
643	Changes to pipeline service points	

Part 25 Capacity Auction

Draft Rules	Issue	Feedback
Division 1	Preliminary	
645	Objective	
646	This Part	
647	Definitions and interpretation	
648	Pipeline classification	
649	Auction information standard	
Division 2	Capacity auction	
650	Auction services	
651	Auction service priority principles	
652	Capacity auction design principles	
653	Auction quantity limits	
654	Application and information	
655	Giving effect to auction results	
656	Establishment and operation of the capacity auction	
657	Auction Procedures and auction agreement	
658	Suspension and termination of an auction participant	
659	Fees recoverable by AEMO	
660	Auction amounts payable by auction participants	
Division 3	Market conduct and nomination rules	
661	General requirements	
662	Conduct in relation to auctions	
663	Nominations and renominations must not be false or misleading	
664	AER monitoring	
665	Facility operators to keep nomination and scheduling records	
666	Renomination records of transportation facility users	
Division 4	Payment of capacity auction revenues	
667	Billing period settlement amounts for facility operators	
668	Final statements	



669	Payments	
670	Settlement queries and disputes	
671	Revised statements	
672	Payment of adjustments	
673	Maximum total payment in respect of a billing period	
674	Interest on overdue amounts	
675	Application of GST	



Part 26 Standard market timetable

Draft Rules	Issue	Feedback
676	Application of this Part	
677	Definitions and interpretation	
678	Standard market timetable	

Schedule 5 Transitional Provisions for the introduction of the capacity trading reforms

Draft Rules	Issue	Feedback
Part 1	Transitional arrangements for Part 15B	
1	Definition	
2	Initial Procedures	
Part 2	Transitional arrangements for Part 18	
1	Definitions	
2	Commencement of secondary reporting obligations	
3	Allocation agents and allocation points on the commencement date	
4	Former remote pipelines	
Part 3	Transitional arrangements for Part 24	
1	Definitions	
2	Code modifications	
3	Northern Territory exemption	
4	Transitional Part 24 exemptions	
5	Registration in relation to Part 24 facilities on the Part 24 commencement date	
6	Initial transportation service point register	
7	Capacity trading platform commencement	
Part 4	Transitional arrangements for new Part 25 (other than compression reporting)	
1	Definitions	
2	Capacity auction start date	
3	Protected services	
4	Facility operator nomination and scheduling records	
5	Renomination records	
Part 5	Transitional arrangements for reporting by compression service facilities	
1	Definitions and interpretation	
2	Application	
3	Information standard and related matters	
4	Capacity Transfer and Auction Procedures	

Draft Rules	Issue	Feedback
5	Nameplate rating information	
6	Detailed facility information	
7	Gas day start times	
8	Short term capacity outlooks	
9	Linepack/capacity adequacy indicator	
10	Nominated and forecast use of compression facilities	
11	Daily production data	
12	Publication by AEMO	
Part 6	Transitional arrangements for the standard market timetable	
1	Definitions	
2	Use of standard market timetable	
3	Information about gas market transition	
4	Information about natural gas facility transition	

4. Operational Gas Transportation Agreement Code

Clause	Issue	Feedback
Part 1	This code	
1	Introduction	
2	Definitions and interpretation	
3	Contents of this Code	
Part 2	Form of agreement – operational transportation services agreement	
1	Agreement documents	
2	Definitions and interpretation	
3	Agreement details	
Part 3	Standard terms - operational and commercial terms	
1	Definitions and interpretation	
2	Services	
3	Service Standards	
4	Nominations and Scheduling	
5	System Use Gas	
6	Hourly Limitations	
7	Curtailment	
8	Park Account	
9	Maintenance	
10	Gas Quality	
11	Pressure and Temperature	
12	Imbalance	
13	Unauthorised Overrun	
14	Use of Delivery Points and Receipt Points	
15	Metering and Apportionment	
16	Title, Risk, Responsibility and Co-ordination	
17	Liability	
18	Force Majeure Events	
19	Charges and Payment	

Clause	Issue	Feedback
20	GST	
21	Standing, Insurance and Credit Support	
22	Suspension and Termination	
23	Dispute Resolution	
24	Assignment/Novation	
25	Representations and Warranties	
26	Confidentiality	
27	Notices	
28	Bilateral Trades	
29	Miscellaneous	
Part 4	Description of services – operational TSA	
1	Traded Forward Haul Service	
2	Traded Park Service	
3	Traded Compression Service	
4	Forward Haul Auction Service	
5	Backhaul Auction Service	
6	Compression Auction Service	
Part 5	Requirements for facility specific terms – operational TSA	
1	General	
2	Definitions in Facility Specific Terms	
3	Other Services	
4	Scheduling	
5	Priority Principles	
6	System Use Gas	
7	Hourly Limitations	
8	Pressure and Temperature	
9	Charges	
10	Imbalance	
11	Odourisation	
12	Metering Principles	



Clause	Issue	Feedback
13	Operational Communications	
14	Compressor Operation	
15	Compression Services	
16	Receipt and Delivery Points	
17	Trading – other entitlements	
18	Accommodating Differences in Gas Days	
19	Specific Facility Issues	