

Making of National Gas Rules

National Gas (South Australia) Law – Section 294DA

I, Daniel Cornelis van Holst Pellekaan, Minister for Energy and Mining for the Crown in right of the State of South Australia, as the Minister administering the *National Gas (South Australia) Act 2008* of South Australia, hereby make the National Gas (Capacity Trading and Auctions) Amendment Rule under section 294DA(1) of the National Gas (South Australia) Law on the recommendation of the Council of Australian Governments' Energy Council sitting as the Ministerial Council on Energy for the purposes of that section.

This Rule has been signed by me for the purposes of identification as the National Gas (Capacity Trading and Auctions) Amendment Rule 2018 and commences operation on 22 November 2018 unless otherwise specified below.

Schedule 4 of the National Gas (Capacity Trading and Auctions) Amendment Rule 2018 will commence operation on 1 March 2019.

Schedule 5 of the National Gas (Capacity Trading and Auctions) Amendment Rule 2018 will commence operation on 1 October 2019.

Schedule 7 of the National Gas (Capacity Trading and Auctions) Amendment Rule 2018 will commence operation on 1 October 2019.



Hon Daniel Cornelis van Holst Pellekaan MP

Minister for Energy and Mining

22 November 2018

National Gas (Capacity Trading and Auctions) Amendment Rule 2018

1 Title of Rule

This Rule is the National Gas (Capacity Trading and Auctions) Amendment Rule 2018.

2 Commencement

Paragraph 14 of this Rule and Schedules 1, 2, 3, 6, 8, 9, 10 and 11 of this Rule commence operation on the date specified in the notice published under section 294DA(4)(a) of the National Gas Law.

Schedule 4 of this Rule commences operation on the date specified in the notice published under section 294DA(4)(a) of the National Gas Law.

Schedule 5 of this Rule commences operation on the date specified in the notice published under section 294DA(4)(a) of the National Gas Law.

Schedule 7 of this Rule commences operation on the date specified in the notice published under section 294DA(4)(a) of the National Gas Law.

3 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 1.

4 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 2.

5 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 3.

6 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 4.

7 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 5.

8 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 6.

9 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 7.

10 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 8.

11 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 9.

12 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 10.

13 Savings and Transitional Amendments to the National Gas Rules

The National Gas Rules are amended as set out in Schedule 11.

14 Revocation of National Gas Amendment (Gas day harmonisation) Rule.

The *National Gas Amendment (Gas day harmonisation) Rule 2017 No. 2* is revoked.

Schedule 1 Amendment to the National Gas Rules

(Clause 3)

[1] Rule 135C Definitions

In rule 135C, insert the following definition in alphabetical order:

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.

[2] Rule 135CA Development of participant fee structure

In subrule 135CA(4)(b)(ii), before “the components”, insert “subject to subrule (4A),”.

[3] Rule 135CA Development of participant fee structure

After subrule 135CA(4), insert:

- (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.

[4] Rule 135CC Components of participant fees

After subrule 135CC(1)(bb), insert:

- (bc) fees to recover capacity trading and auction costs;

[5] Rule 135CC Components of participant fees

After the note to subrule 135CC(2), insert:

- (3) AEMO may from time to time 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.

[6] Rule 135CF Budgeted revenue requirements

After subrule 135CF(2)(c), insert:

- (ca) AEMO's expenditures for capacity trading and auction costs; and

Schedule 2 Amendment to the National Gas Rules

(Clause 4)

[1] Rule 135EA Matters about which Procedures may be made

After subrule 135EA(4), insert:

- (5) The Capacity Transfer and Auction Procedures may deal with the following matters:
 - (a) information required and processes to be followed for the registration of transportation service providers and transportation facilities by AEMO under Part 24;
 - (b) establishing, maintaining and administering a register of transportation service providers and transportation facilities;
 - (c) establishing, maintaining and administering the transportation service point register;
 - (d) the provision by transportation service providers of service point specifications for the transportation service point register and changes to those specifications;
 - (e) the determination of zones and pipeline segments;
 - (f) obligations of transportation service providers in connection with transaction support arrangements and the capacity auction established under Part 25, including arrangements for:
 - (i) access to and use of the systems established by AEMO;
 - (ii) the calculation of auction quantity limits;
 - (iii) the provision of information to AEMO including contract reference information, auction quantity limits and information about transportation facilities, service points, nominations and curtailment;
 - (iv) the validation of transactions entered into on the gas trading exchange or through the capacity auction including timing, the criteria for validation and rejection of transactions that fail validation; and
 - (v) information required and processes to be followed to give effect to transactions entered into on the gas trading exchange or through the capacity auction;
 - (g) arrangements for transactions entered into on the gas trading exchange or through the capacity auction to be taken into account for the purposes of Part 19 or Part 20;

- (h) the calculation of payments to transportation service providers for use of an operational transportation service after termination of the contract from which the transportation capacity is first derived;
- (i) establishing the capacity auction in accordance with Part 25, including:
 - (i) the standard form of auction agreement;
 - (ii) eligibility to enter into an auction agreement and to participate in the capacity auction;
 - (iii) prudential requirements applicable to auction participants;
 - (iv) access to and use of the systems established by AEMO;
 - (v) the specification of auction products and the auction quantity or the manner in which those matters are determined;
 - (vi) the conduct of the capacity auction including timing, the form of bids, the determination of capacity auction results and when the capacity auction may be delayed, suspended or cancelled; and
 - (vii) a description of the information to be published by AEMO in relation to the capacity auction and any restrictions that may be placed on access to that information;
- (j) the calculation of amounts payable to or by transportation service providers and auction participants in connection with the capacity auction;
- (k) contingency arrangements for events affecting the transaction support arrangements or the capacity auction including:
 - (i) the failure of systems or processes; and
 - (ii) default in the performance of obligations under the Procedures or other instruments;
- (l) any other subject relevant to the matters in Part 24 or Part 25 on which the *NGL* or these rules contemplate the making of Procedures; and
- (m) any matter consequential or related to any of the above.

[2] Rule 135EB Preconditions for making Procedures

After subrule 135EB(3), insert:

- (3A) In making Capacity Transfer and Auction Procedures, AEMO must also be satisfied that the Procedures are appropriate having regard to:

- (a) any compliance costs likely to be incurred by transportation service providers, transportation facility users, auction participants and gas trading exchange members; and
- (b) the Operational Transportation Service Code.

Schedule 3 Amendment to the National Gas Rules

(Clause 5)

[1] Rule 141 Interpretation and application

In rule 141(1), insert the following definitions in alphabetical order:

auction facility has the meaning given in Part 25.

auction service has the meaning given in Part 25.

auction service curtailment information means for an auction service provided by means of an auction facility for a gas day, the curtailed quantity for that gas day for all transportation capacity sold in the capacity auction for use of the auction service on that gas day.

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

BB allocation point means each:

- (a) service point for a Part 24 facility registered under Part 24; and
- (b) system injection point and system withdrawal point (each as defined in Part 19) for which an Allocation Agent (as defined in Part 19) is appointed under Part 19,

excluding, in each case, a point at which the allocation of deliveries or receipts of natural gas is determined under the Retail Market Procedures.

BB auction facility means a BB facility that is an auction facility and subject to the capacity auction. If only part of a BB facility is an auction facility, that part is a BB auction facility.

BB capacity transaction means a secondary capacity transaction that:

- (a) relates to transportation capacity for use of a BB transportation service, whether or not the transaction relates to any other matter; and
- (b) is not an excluded transaction.

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.

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

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.

closely related entity means, in relation to an entity (the **first entity**):

- (a) an entity that is a closely held subsidiary of the first entity; or
- (b) where the first entity is a closely held subsidiary of another entity (**holding entity**), the holding entity; or
- (c) an entity that is a closely held subsidiary of a holding entity of the first entity,

where “**closely held subsidiary**” has the meaning given in section 214 of the Corporations Act 2001 of the Commonwealth.

curtailed quantity means for a gas day and a transportation service, the amount (in GJ) by which the scheduled quantity for the transportation service for the gas day is less than the nomination for use of the transportation service on that gas day, but not including any part of a nomination not included in the scheduled quantity because it exceeds the quantity of transportation capacity held by the person making the nomination.

curtailment has the meaning given in Part 24.

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;

- (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); or
- (d) a related party transaction.

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

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.

Part 24 facility has the meaning given in Part 24.

related party transaction means a secondary capacity transaction where each party to the transaction is a closely related entity in relation to each other party to the transaction.

renomination has the meaning given in Part 24.

scheduled quantity has the meaning given in Part 25.

secondary capacity transaction has the meaning given in the *NGL*.

Note:

The term secondary capacity transaction includes bare transfers and operational transfers.

service point has the meaning given in Part 24.

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

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

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

transportation service point register has the meaning given in Part 24.

zone has the meaning given in Part 24.

[2] Rule 141 Interpretation and application

In subrule 141(1), omit the definition of "BB reporting entity" and substitute:

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, a person required to provide to AEMO capacity transaction information for that BB capacity transaction under Subdivision 5.8 of Division 5.

[3] Rule 141 Interpretation and application

In subrule 141(1), omit the definition of “daily capacity” and substitute:

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.

[4] Rule 141 Interpretation and application

In subrule 141(1), omit the definition of “remote pipeline” and substitute:

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;
- (ba) is not a Part 24 facility; and
- (c) is not connected directly or indirectly to a pipeline satisfying paragraph (a), (b) or (ba) of this definition.

[5] Rule 141 Interpretation and application

In subrule 141(2)(c), omit “.”, substitute “; and”.

[6] Rule 141 Interpretation and application

After rule 141(2)(c), insert:

- (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.

[7] New rule 141(2A) Interpretation and application

After rule 141(2), insert:

- (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 identity of the parties to the transaction and which of the parties is a capacity seller in relation to the transaction;
 - (b) the trade date;
 - (c) the service term;
 - (d) the transportation facility by means of which the transportation service is provided;
 - (e) except where the transaction is concluded through the gas trading exchange, whether the transaction is on the same or substantially the same terms as the standard OTSA published under Part 24 for the transportation facility;
 - (f) where the transaction is concluded through the gas trading exchange, whether the transaction is a pre-matched trade (as defined in the exchange agreement for the gas trading exchange);
 - (g) the BB transportation service to which the transaction relates;
 - (h) the priority given to the transportation service to which the transaction relates (such as firm, as available or interruptible);

- (i) 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 service point at or between which the service is provided, and, where the relevant transportation facility is a Part 24 facility, by reference to the specification of the service point in the transportation service point register;
- (j) the transaction quantity the subject of the transaction, expressed as a maximum daily quantity or MDQ (in GJ/day);
- (k) except where the transaction is concluded through the gas trading exchange, the maximum hourly quantity (or MHQ) for the transportation service (in GJ/hour);
- (l) 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;
- (m) 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
- (n) any price escalation mechanism applicable to the transaction.

[8] Rule 141 Interpretation and application

In subrule 141(3), after “TJ”, insert “unless otherwise specified”.

[9] Rule 141 Interpretation and application

Omit subrule 141(4), substitute:

- (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.

[10] Rule 147 AEMO to maintain BB Register

In subrule 147(1)(a), omit “and”.

[11] Rule 147 AEMO to maintain BB Register

In subrule 147(1)(b), omit “.” and substitute “;”.

[12] Rule 147 AEMO to maintain BB Register

After subrule 147(1)(b), insert:

- (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.

[13] Rule 147 AEMO to maintain BB Register

In subrule 147(3)(c), omit “.” and substitute “;”.

[14] Rule 147 AEMO to maintain BB Register

After subrule 147(3)(c), insert:

- (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.

[15] New Subdivision 3.3A of Division 3 of Part 18

After Subdivision 3.3 of Division 3 of Part 18, insert:

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

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.
- (2) An application under subrule (1) must be made no later than 20 business days after the relevant point becomes a BB allocation point.
- (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.
- (4) A notice under subrule (3) must be given no later than 5 business days after the change takes effect.
- (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.

[16] New Subdivision 3.3B of Division 3 of Part 18

After Subdivision 3.3A of Division 3 of Part 18, insert:

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.

[17] Rule 160 AEMO to register applicants and their facilities

Omit the heading of rule 160, substitute “AEMO to register”.

[18] Rule 160 AEMO to register

After subrule 160(4) insert:

- (5) AEMO must register an applicant as a BB allocation agent, BB transportation facility user or capacity transaction reporting agent under this Part if the applicant 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.

[19] Rule 161 Revocation of registration

In subrule 161(1), omit “this Part” and substitute “Subdivision 3.1 or Subdivision 3.3A”.

[20] Rule 161 Revocation of registration

In subrule 161(2), omit “if the BB facility is no longer required by this Part to be registered” and substitute “or its BB allocation point if the BB facility or BB allocation point is no longer required by this Part to be registered”.

[21] Rule 161 Revocation of registration

In subrule 161(4), omit “operator or facility is no longer required by this Part to be registered” and substitute “relevant registration is no longer required by this Part”.

[22] Rule 161 Revocation of registration

After subrule 161(5), insert:

- (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; and
 - (b) an application has been made to register a new BB allocation agent as the BB 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.

[23] Rule 165 Standard for information or data given under this Part or the BB Procedures

Omit subrule 165(2), and substitute:

- (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 receipts or deliveries 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.

[24] Rule 168 Nameplate rating information

After subrule 168(2), insert:

- (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.

[25] New rule 170A Allocation methodology and agreement

After rule 170, insert:

170A Allocation methodology and agreement

- (1) A BB reporting entity must provide to AEMO the following information for each of its BB allocation points in accordance with the BB Procedures:
- (a) a description of the allocation methodology used at the BB allocation point;
 - (b) information about any charge to become a party to the agreement (whether or not the agreement is in writing) under which allocations at the BB allocation point are determined;
 - (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.

[26] New Subdivision 5.7 of Division 5 of Part 18

After Subdivision 5.6 of Division 5 of Part 18, insert:

Subdivision 5.7 Auction service curtailment

190A Auction service curtailment

- (1) A BB reporting entity for a BB auction facility must provide to AEMO the following information if an auction service provided by its BB auction facility is subject to curtailment in respect of a gas day, including curtailment due to a renomination:
 - (a) notice of the curtailment and the gas day and auction service affected;
 - (b) a brief description of the cause of the curtailment; and
 - (c) whether the curtailed quantity for the auction service and gas day is material.
- (2) The information referred to in subrule (1) must be provided to AEMO as soon as practicable after the BB reporting entity becomes aware of the circumstances giving rise to the curtailment.
- (3) A BB reporting entity must update the information provided under subrule (1)(b) or (c) for its BB auction facility if the information is no longer accurate, including due to circumstances resulting in additional curtailment of the auction service for the gas day.
- (4) For the purposes of this rule, a curtailed quantity is material for a gas day and auction service if it is more than 10% of the quantity of transportation capacity sold in the capacity auction for use of the auction service on the gas day.

190B Daily auction service curtailment information

- (1) Each gas day D, a BB reporting entity must provide to AEMO the auction service curtailment information for each auction service provided by means of its BB auction facility for gas day D-1.
- (2) A BB reporting entity must update the information provided under subrule (1) for its BB auction facility if the information is no longer accurate.

[27] New Subdivision 5.8 of Division 5 of Part 18

After Subdivision 5.7 of Division 5 of Part 18, insert:

Subdivision 5.8 Capacity transaction reporting

190C Obligation to report

- (1) A person who is a capacity seller for 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, subject to subrule (2).
- (2) The BB Procedures may provide for an item of capacity transaction information provided to AEMO under subrule (1) for a BB capacity transaction to be a reasonable estimate or approximation, where the provision of the information is not otherwise practicable having regard to the nature or terms of the transaction.
- (3) Unless subrule (4) applies, the information referred to in subrule (1) must be provided to AEMO 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) Where the service term for a BB capacity transaction starts on the trade date for the transaction, the information referred to in subrule (1) must be provided to AEMO as soon as reasonably practicable on the trade date.
- (5) A capacity seller for a BB capacity transaction must update the information it has provided to AEMO under subrule (1) if the information is no longer accurate.

190D Reporting through an agent

- (1) A person required to provide information to AEMO under rule 190C may, with the consent of the person appointed, appoint a person registered under this Part, including a capacity transaction reporting agent, to provide that information to AEMO on its behalf.
- (2) A person who makes an appointment under subrule (1) remains responsible under this Part for ensuring that the person's obligations under Division 4 and rule 190C in relation to the information to be provided to AEMO are complied with.
- (3) An appointment under subrule (1) may be revoked by the person who made the appointment or the person appointed.
- (4) The BB Procedures may provide for notice to be given to AEMO of an appointment under subrule (1), the consent of the person appointed or a revocation under subrule (3) and the information to be included with the notice.
- (5) AEMO is not required to verify the validity of an appointment or consent under subrule (1) or a revocation under subrule (3).

190E 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.

[28] New rule 195A Publication of capacity transaction information

After rule 195, insert:

195A Publication of capacity transaction information

- (1) Subject to subrules (2), (3) and (4), AEMO must publish capacity transaction information provided to AEMO under Subdivision 5.8 on the Bulletin Board.
- (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, park and compression services relating to a Part 24 facility, AEMO must publish the information provided to AEMO about the service points at or between which the BB transportation service is provided using the zones to which the service points belong.
- (4) The information published under subrule (1) relating to a transportation facility that is not a Part 24 facility must not include the service points at or between which the BB transportation service is provided.
- (5) 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.

[29] New rule 195B Publication of capacity auction information

After rule 195A, insert:

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.

Schedule 4 Amendment to the National Gas Rules

(Clause 6)

[1] Rule 141(1) Interpretation and application

In subrule 141(1), omit the definitions “secondary capacity trading platform”, “secondary pipeline capacity” and “secondary trade data”.

[2] Rule 174 Secondary trade data for BB pipelines

Omit rule 174, and the heading, and substitute “[Not used.]”.

Schedule 5 Amendment to the National Gas Rules

(Clause 7)

[1] Rule 364 Substituted definitions

In rule 364, omit the definition "gas day" and substitute:

gas day means a period of 24 consecutive hours starting at the same time as the standard gas day defined in Part 26.

[2] New Rule 369A Gas measurements must use the gas day

After rule 369, insert:

369A Gas measurements must use the gas day

- (1) An STTM facility operator must ensure that the quantity of gas supplied to or withdrawn from a hub on a gas day using its STTM facility is measured and recorded over:
 - (a) each period corresponding to the gas day; or
 - (b) periods shorter than a gas day, where the first such period starts at the start of the gas day and the last such period ends at the end of the gas day.
- (2) An STTM facility operator must ensure that the information provided to AEMO under rule 419 by the allocation agent for its STTM facility is calculated using the quantities determined for a gas day in accordance with subrule (1).

Schedule 6 Amendment to the National Gas Rules

(Clause 8)

[1] Rule 533 Definitions

In rule 533, insert the following definitions in alphabetical order:

capacity trading and auction costs has the meaning given in rule 135C.

primary facility agreement has the meaning given in Part 24.

[2] Rule 534 Fees recoverable by AEMO

In rule 534(2), after “administering the gas trading exchange” insert “and any amount determined to be recoverable as exchange fees under Part 15A as a contribution to capacity trading and auction costs”.

[3] Rule 534 Fees recoverable by AEMO

In rule 534(4), after “135CA(4),”, insert “135CA(4A), ”.

[4] New rule 536A Payments where primary facility agreement is terminated

After rule 536, insert:

536A Payments where primary facility agreement is terminated

- (1) The exchange agreement must provide for the Operator to pay the amount determined to be payable to a facility operator in accordance with rule 639 in relation to the provision of a transportation service after termination of a primary facility agreement.
- (2) The exchange agreement must provide for a gas trading exchange member whose primary facility agreement is terminated to pay to the Operator under the exchange agreement, or have its payments under the exchange agreement reduced by, an amount equal to the amount payable under subrule (1) in respect of the use of transportation capacity first derived from that primary facility agreement.
- (3) A payment referred to in subrule (2) may be set off against other amounts (including exchange fees) payable between the Operator and the gas trading exchange member under the exchange agreement.

[5] Rule 541 Minimum content of exchange agreement

In rule 541(g), after “rule 536”, insert “or required under rule 536A”.

[6] New rule 543A Conduct in relation to trading

After rule 543, insert:

543A No short selling of transportation capacity

- (1) A gas trading exchange member must only sell transportation capacity on the gas trading exchange if, at the time of sale:
 - (a) the person has; or
 - (b) the person reasonably believes on reasonable grounds that the person has, a presently exercisable and unconditional right to transfer the transportation capacity to the buyer.
- (2) For the purposes of subrule (1):
 - (a) a person who, at a particular time, has a presently exercisable and unconditional right to have transportation capacity transferred to the person or in accordance with the directions of the person, has at that time a presently exercisable and unconditional right to transfer the transportation capacity to another person; and
 - (b) a right of a person to transfer transportation capacity to another person is not conditional merely because the transportation capacity is subject to a security interest (as defined under the Corporations Act 2001 of the Commonwealth) in favour of another person to secure the payment of money.
- (3) Subrule (1) does not apply in relation to a sale of transportation capacity by a person who, before the time of sale, has entered into a contract to buy the transportation capacity and who has a right to have the transportation capacity transferred to that person that is conditional only upon all or any of the following:
 - (a) payment of the consideration in respect of the purchase; or
 - (b) validation of the transfer by a transportation service provider; or
 - (c) there being no impediment to transfer under the Capacity Transfer and Auction Procedures.
- (4) For the purposes of subrule (1), a person who submits an offer to sell transportation capacity on the gas trading exchange or registers a sale of transportation capacity under the exchange agreement as a seller is taken to sell the transportation capacity on the gas trading exchange.

Schedule 7 Amendment to the National Gas Rules

(Clause 9)

[1] Rule 539(3) Requirement for exchange agreement

In subrule 539(3), omit “rule 541” and substitute “rule 541(1)”.

[2] Rule 539(3) Requirement for exchange agreement

After subrule 539(3), insert:

- (4) The matters specified in rule 541(1) must be addressed in accordance with rule 541(2) where applicable.

[3] Rule 541 Minimum content of exchange agreement

In rule 541, insert “(1)” before “The exchange agreement must set out”.

[4] Rule 541 Minimum content of exchange agreement

After subrule 541(1), insert:

- (2) The exchange agreement must:
 - (a) define a gas day as a period of 24 consecutive hours starting at the same time as the standard gas day defined in Part 26; and
 - (b) specify the period for delivery, supply or acceptance of goods or services offered for trading on the gas trading exchange by reference to one or more whole gas days or (where that period is shorter than one gas day) part of a gas day.

Schedule 8 Amendment to the National Gas Rules

(Clause 10)

[1] New Part 24 Facilitating capacity trades and the capacity auction

After Part 23, insert:

Part 24 Facilitating capacity trades and the capacity auction

Division 1 Preliminary

591 Application

- (1) This Part is made for Divisions 2D and 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 facilities and transportation service providers as facility operators.
- (4) Division 4 provides for matters to be included in the Capacity Transfer and Auction Procedures to facilitate capacity trades and the capacity auction and for the allocation of service points to zones.
- (5) Division 5 sets out obligations of transportation service providers relating to standard OTSAs.
- (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:

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 circumstances occur by reason of which it becomes a Part 24 facility.

Note:

For example, a transportation facility may become a Part 24 facility when it is commissioned or an exemption is revoked.

auction facility 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.

backhaul auction service has the meaning given in Part 25.

backhaul pipeline segment means a part of a pipeline between pipeline service points used for a backhaul auction service, as specified in the transportation service point register.

backhaul service means a pipeline service provided by means of a single direction pipeline pursuant to which the direction of service is predominantly 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.

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

Capacity Trading Platform or CTP means the gas trading exchange, in its role as a platform for trading transportation capacity.

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

Code means the Operational Transportation Service Code.

Code amendment decision means a decision by the AER to amend the Code.

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

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

commissioned means:

- (a) for a transportation facility that is not a pipeline, 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, when the pipeline is commissioned as defined in the *NGL*.

compression delivery zone means one or more compression service points which comprise a compression delivery zone as determined by AEMO and specified in the transportation service point register.

compression receipt zone means one or more compression service points which comprise a compression receipt zone as determined by AEMO and specified in the transportation service point register.

compression service means a service provided by means of a compression service facility.

compression service point means a point, or combination of points (sometimes known as a notional point) at which a transportation service provider receives (takes delivery of) or may receive natural gas, or delivers or may deliver natural gas, for the provision of a compression service.

compression zone means a compression receipt zone or a compression delivery zone.

conditionally exempt facility means an exempt transportation facility that is the subject of an exemption granted by the AER under Subdivision 3.1 of Division 3 and where:

- (a) the transportation facility (or relevant part) qualified for the exemption under rule 611(3)(b) because it is a single user facility; or
- (b) the transportation facility (or relevant part) qualified for the exemption under rule 611(3)(c) because it has a nameplate rating less than 10 TJ per day.

Corporations Act means the Corporations Act 2001 of the Commonwealth.

CTP application date is defined in rule 638(4).

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.

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

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)(b).

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 and, to avoid doubt, includes a facility agreement made pursuant to an access arrangement or an access determination.

facility operator means, in relation to a Part 24 facility, the transportation service provider registered under this Part as the facility operator for the Part 24 facility.

facility specific terms means terms and conditions that are:

- (a) incorporated in or to be incorporated in a standard OTSA for a transportation facility; and
- (b) developed or to be developed for the transportation facility in accordance with this Part and the Code.

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

forward haul pipeline segment means a part of a pipeline between pipeline zones, as specified in the transportation service point register.

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, has the meaning given in Part 18;
- (b) when used in the context of a service point, means the maximum quantity of natural gas that can be received or delivered through the service point on a gas day for the service point; and
- (c) 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.

nomination means a nomination for use of a transportation service and may include the quantity of natural gas and service points in respect of which the transportation service will be used.

nomination cut-off time means, for a transportation service, the time by which a day-ahead nomination for a gas day for use of the transportation service must be made for the purposes of scheduling for that gas day.

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

operational capacity has the meaning given in Part 25.

operational transfer means a 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*.

Operational Transportation Service Code has the meaning given in the *NGL*.

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.

park service means a transportation service under which 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.

park service point means, in relation to a park service, a service point at which a transportation facility user must have transportation capacity in order to use the park service.

Part 24 commencement date means the date this Part commences.

Part 24 facility means a transportation facility other than an exempt transportation facility.

Note:

Refer to subrule (6).

Part 24 information standard 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 transportation 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.

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 delivery zone means one or more pipeline service points which comprise a pipeline delivery zone as determined by AEMO and specified in the transportation service point register.

pipeline receipt zone means one or more pipeline service points which comprise a pipeline receipt zone as determined by AEMO and specified in the transportation service point register.

pipeline segment means a forward haul pipeline segment or a backhaul pipeline segment.

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

pipeline zone means a pipeline receipt zone or a pipeline delivery zone.

primary facility agreement means an 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 using primary transportation capacity of the transportation facility user. If an agreement provides for the use of primary transportation capacity and other transportation capacity, a reference to a primary facility agreement means that agreement as it applies in relation to primary transportation capacity.

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

primary transportation capacity means transportation capacity acquired by a transportation facility user from the transportation service provider for the transportation capacity. For the purposes of this Part and Part 22:

- (a) transportation capacity ceases to be primary transportation capacity if it is transferred by means of an operational transfer (even if re-acquired by the transportation facility user for whom it was primary transportation capacity); and
- (b) once transferred, the transportation capacity is taken to have been first derived from the primary facility agreement under which the primary transportation capacity was acquired.

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

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.

renomination means a request made after the nomination cut-off time for a gas day to vary a nomination for the gas day, including variation to a deemed or default day-ahead nomination.

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 OTSA, an amendment to:

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

reserved has the meaning given in Part 25.

schedule means, according to the context:

- (a) the process of determining the scheduled quantities for a gas day and includes determining any variation before or during a gas day due to curtailment or renomination; and **scheduling** has a corresponding meaning; and
- (b) 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 has the meaning given in Part 25.

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 gas trading exchange).

service continuity period means, in relation to traded capacity, a period commencing on the gas day after the gas day on which AEMO is notified under the Capacity Transfer and Auction Procedures of the termination of the primary facility agreement from which the traded capacity is first derived and ending on the first to occur of:

- (a) the expiry of the service term applicable to the traded capacity; and
- (b) the expiry of 14 gas days (including the first gas day in that period).

service point means a compression service point or a pipeline service point.

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

single direction pipeline has the meaning given in Part 25.

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

stand-alone compression service facility means a compression service facility that is or may be used to facilitate the flow of natural gas between transmission pipelines and in respect of which compression services are or may be provided.

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

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).

terminated seller means, in relation to traded capacity that was first derived from a terminated primary facility agreement, a transportation facility user who was a party to the terminated primary facility agreement.

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

traded capacity means transportation capacity that has been sold through the gas trading exchange and transferred to a buyer such that it has ceased to be primary transportation capacity, including by means of a pre-matched trade, as that term is defined in the exchange agreement for the gas trading exchange.

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

transportation service provider group has the meaning given in rule 620(1).

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* and rule 550 in Part 23.

- (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 transportation service provider or transportation facility user required by a provision of this Part to make a record or give information or data to AEMO or the AER, including information resulting from calculations, must make the record or prepare and submit that information or data and perform those calculations in accordance with the Part 24 information standard.
- (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.
- (6) For the purposes of this Part, a reference to a Part 24 facility:
 - (a) in the case of a pipeline registered as a single facility under rule 623(3) or multiple transportation facilities registered as a single facility under rule 623(4), means the single Part 24 facility so registered; and
 - (b) in the case of a Part 24 facility registered as two or more separate facilities under rule 623(4), means each separate Part 24 facility so registered.

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 OTSA 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 OTSA).

Division 2 Operational Transportation Service Code

Subdivision 2.1 Objective and content

595 Code objective, effective date, amendment and publication

- (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.
- (3) The AER may amend 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 amendment 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, if applicable identifying it as 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;
 - (ii) the facility specific terms applicable to the transportation facility or facilities to which the agreement relates; and
 - (iii) amendments to the standard terms or those facility specific terms made 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 provision and 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 auction service priority principles are in Part 25.

- (2) The standard operational transportation services (other than auction services) may include forward haul services, park services, compression services 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) when an operational transfer is notified to the transportation service provider:
 - (i) the seller of the transportation capacity must specify the service point within each zone from which the transportation capacity must be released to give effect to the sale; and
 - (ii) the buyer of the transportation capacity must specify the service points within the receipt zone and delivery zone respectively at which the buyer wishes to have the transportation service provided;
 - (b) the service points referred to in paragraph (a)(ii) 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 must give priority to:
 - (i) first, nominations and renominations for the use of firm forward haul services, firm backhaul services or firm compression services (as applicable) provided using primary transportation capacity 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, firm backhaul service or firm compression service (as applicable).
- (4) For the purposes of subrule (3)(c)(i), a reference to a firm forward haul service or firm backhaul service includes a reference to a firm forward haul service or firm backhaul service supplied together with a firm park service as a single service.
 - (5) To avoid doubt, the gas trading exchange agreement made in accordance with Part 22 may require a seller or buyer to specify the service points referred to in subrule (3)(a) at the time the transaction is entered into through the gas trading exchange for notification by AEMO under the Capacity Transfer and Auction Procedures.

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;
 - (b) the provision of credit support and evidence of insurance;
 - (c) obligations of transportation service providers and transportation facility users with respect to the provision and use of transportation services under the agreement;
 - (d) operational matters including nominations, renominations, scheduling, curtailment, reporting and allocation of receipts and deliveries of natural gas and transportation facility maintenance;
 - (e) gas quality, pressure and temperature and arrangements with respect to off-specification gas including liabilities;
 - (f) title to gas, risk in and responsibility for gas and coordination of operations;
 - (g) invoicing and payment; and
 - (h) 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 standardisation 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 amended

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 and publish and may amend 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;
 - (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; and
 - (iv) any other matter that it is convenient to deal with in the election procedures;
 - (c) develop and publish and may amend 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 amendment 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) Before making or amending the election procedures or the operating manual, AEMO must consult in accordance with the *standard consultative procedure*.
 - (3) AEMO must establish and manage the arrangements for:
 - (a) receipt and initial assessment of Code amendment proposals in accordance with rule 601;
 - (b) providing Code amendment proposals to the OTS Code Panel; and
 - (c) publication of information by or on behalf of the OTS Code Panel.
 - (4) AEMO may provide advice to the OTS Code Panel or the AER in relation to Code amendment proposals including whether:
 - (a) the Code amendment 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 amendment proposal and, if so, the likely costs of making the changes.
 - (5) Subject to subrule (6), 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.
 - (6) The costs of any member (other than the AEMO member) relating to the member's 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 amendment proposals and, to the extent necessary, developing Code amendment proposals;
 - (b) preparing impact and implementation reports;
 - (c) making recommendations in relation to Code amendment proposals;
 - (d) reporting to the AER, in accordance with the rules, on Code amendment proposals;
 - (e) further developing Code amendment 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 where relevant to the effective operation of standard OTSAs;
 - (h) providing advice to the AER in response to a request under rule 604(2)(a); and
 - (i) 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 amendment proposals

- (1) Any person, other than a person who is at the time a member of the OTS Code Panel, may propose an amendment to the Code by providing a Code amendment proposal to AEMO. A Code amendment proposal must be in writing and must include details of the proposed amendment and supporting information, including reasons. A Code amendment proposal may include a draft of the proposed amendment.
- (2) Subject to subrule (3), AEMO must within 10 business days of receipt of a Code amendment proposal refer it to the OTS Code Panel for assessment and recommendation in accordance with the rules and the operating manual.
- (3) AEMO may, within the 10 business day period in subrule (2), reject a Code amendment proposal without referring it to the OTS Code Panel if AEMO reasonably considers that the Code amendment proposal is misconceived or lacking in substance.
- (4) If AEMO decides to reject a Code amendment 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 amendment proposal received under subrule (1).
- (5) The OTS Code Panel must assess a Code amendment proposal referred to it and to the extent necessary, may consult on and develop the proposal.
- (6) Within 50 business days of a Code amendment 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 amendment proposal;
 - (b) an assessment of the likely effect of the amendment, if made;
 - (c) the recommendation of the OTS Code Panel on whether the amendment 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 amendment 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 amendment; or
 - (b) extend the time limit for the OTS Code Panel to consider and make a recommendation about the Code amendment proposal.
- (11) If a proponent withdraws its Code amendment proposal, the process established pursuant to this rule and rule 602 in relation to that Code amendment proposal lapses.

602 Consultation by the OTS Panel

- (1) The OTS Code Panel may invite the AEMC, AEMO (in addition to its representation on the OTS Code Panel) and any consumer or industry representative body the OTS Code Panel considers appropriate, to provide advice in relation to a Code amendment 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 amendment proposal, the OTS Code Panel must publish a notice:
 - (a) setting out the proposed Code amendment 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 an amendment 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 amendment 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 amendment proposal, where the OTS Code Panel has consulted on the proposed Code amendment:
 - (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 amendment.
- (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 amendment, 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 amendment 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 amendment, make a Code amendment 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 amendments

- (1) The AER may make an amendment to the Code on the recommendation of the OTS Code Panel or on its own initiative.
- (2) Before making an amendment to the Code on its own initiative, the AER must:
 - (a) request advice from the OTS Code Panel and AEMO (separately from advice provided through its representation on the OTS Code Panel) and may request advice from the AEMC and any consumer or industry representative body the AER considers appropriate;
 - (b) subject to subrule (3), publish a notice:
 - (i) setting out the proposed Code amendment together with a critical examination of the proposed Code amendment and an assessment of the likely effect of the amendment if made; and
 - (ii) 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; and
 - (c) where it has consulted under paragraph (b), publish its decision in accordance with subrule (4).
- (3) No consultation is required for an amendment 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 amendment 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 amendment decisions

- (1) In deciding whether to make an amendment to the Code, the AER must:
- (a) take into account the Code objective;
 - (b) give effect to the requirements for the Code in Subdivision 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 an amendment 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 an amendment to the Code must state the reasons for the AER's decision.
- (4) Where the AER has decided to make an amendment to the Code, the Code amendment decision must state:
- (a) the time the amendment takes effect or, if different provisions in the amendment take effect at different times, those times; and
 - (b) the time by which transportation service providers must prepare and publish new standard OTSAs giving effect to the amendment, which must not be earlier than 30 business days after the Code amendment decision is published by the AER.
- (5) A Code amendment decision may provide for matters consequent on the amendment including required amendments and provisions of a savings or transitional nature.
- (6) An amendment to the Code takes effect at the time or times specified by the AER in the Code amendment decision.

- (7) The AER may specify that an amendment 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 amendment 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 amendment 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 amendment to the Code takes effect.
- (9) An amendment 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 amendment.
- (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 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 as facility operators, 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 the member's resignation, removal or replacement in accordance with the rules, election procedures or operating manual.
- (3) Subject to subrule (4), a member may appoint a person to act on the member's behalf as the member's alternate if the member is unable to attend or vote at 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 rule 607(4) 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 or as an alternate must be a natural person and must have:
 - (a) the experience and the skills to perform the member's role and where applicable, to consider the issues that affect the voter category that the person is 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 the member, or a person or

body by whom the member is employed and/or who nominated the member to be a member;

- (d) not make improper use of the member's position as a member to gain, directly or indirectly, an advantage for the member or a person or body by whom the member is employed and/or who nominated the member 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 by the OTS Code Panel.
- (2) For the purposes of this Subdivision, a conflict will be material if it detracts from, 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) For the purposes of subrule (2), a member does not have a material conflict of interest in relation to a Code amendment proposal merely by reason of the Code amendment proposal having been submitted by a person or body by whom that member is employed and/or who nominated the person to be a member.

Note:

The member may nonetheless have a material conflict of interest in such a proposal.

- (4) 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.
- (5) A member who has a material conflict of interest in a matter to be decided or determined by the OTS Code Panel must give the other members notice of the conflict of interest.
- (6) A contravention of subrule (1)(e) or subrule (5) by a member does not affect the validity of any decision or determination of the OTS Code Panel.
- (7) No personal liability attaches to a member of the OTS Code Panel for an act or omission done in good faith in the performance or exercise, or purported performance or exercise, of a function or power with respect to the OTS Code Panel.
- (8) In this rule, a reference to a member of the OTS Code Panel includes a reference to a person appointed to the OTS Code Panel as an alternate, as if that person were 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 by 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. 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) the obligations in section 228B of the *NGL* with respect to the preparation and publication of a standard OTSA in respect of the transportation facility;
 - (b) the obligations in section 228C of the *NGL* with respect to offering to enter into, and entering into, a standard OTSA in respect of the transportation facility; and
 - (c) the obligations in section 91BRR of the *NGL* to register the transportation facility with AEMO and to register as the transportation service provider for that 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:
 - (i) a stand-alone compression service facility; or
 - (ii) a designated 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.

Note:

Paragraphs (c)(i) and (ii) do not preclude the grant of an exemption by the AER under this Subdivision for a stand-alone compression service facility or a designated compression service facility.

- (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); and
 - (b) in the case of part of a transportation facility, the grant of the exemption in respect of that 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):
- (a) the circumstances in which a transportation service provider for a transportation facility provides a transportation service to a transportation facility user indirectly include where:
 - (i) an associate of the transportation service provider provides the transportation service to the transportation facility user; and
 - (ii) the transportation service is bundled with the supply of natural gas; and
 - (b) the circumstances in which transportation services on a transportation facility are provided to a transportation facility user include where the transportation facility user has a current operational transportation service agreement in relation to that transportation facility, even if the transportation facility user has no transportation capacity for the transportation facility.

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 (or if there is more than one, a transportation service provider named in the exemption) must, if it or another transportation service provider named in the

exemption receives an eligible request for an operational transportation service agreement in the form of a standard OTSA for the transportation facility:

- (a) prepare an agreement satisfying the requirements for a standard OTSA under the rules and the Code for the transportation facility (or the relevant part) as if the transportation facility were a Part 24 facility; and
- (b) make an offer to enter into the agreement with the prospective secondary shipper in accordance with, and subject to, rule 637 as if the transportation facility were a Part 24 facility and the agreement were a standard OTSA for the purposes of that rule,

within 60 business days after receiving the request and information reasonably required to demonstrate to the transportation service provider that the request is an eligible request.

For the purposes of this subrule, a request for an operational transportation service agreement in the form of a standard OTSA is an **eligible request** if the request is made by a prospective secondary shipper who is eligible under rule 636(5) and who intends to enter into the agreement and use its reasonable endeavours to procure transportation capacity on the transportation facility.

- (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.

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.
- (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) In deciding whether to revoke an exemption under subrule (1), the AER may take into account the circumstances by reason of which the transportation facility ceases to qualify for the exemption and whether the circumstances are reasonably likely to continue and if so, for how long.
- (3) The AER may revoke an exemption granted by it under this Subdivision on its own initiative or following an application made by any person.
- (4) 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 611(6) or rule 612; 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 exemption or variation in response to 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 for transaction support arrangements and the capacity auction

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 facility operators and Part 24 facilities registered under this Part.
- (2) The register must include:
 - (a) the name and contact details for each facility operator;
 - (b) a description of each Part 24 facility and the facility operator for the Part 24 facility;
 - (c) a list of pending applications for registration under Part 24; and
 - (d) any further information required by these rules or the Capacity Transfer and Auction Procedures.

- (3) AEMO must develop and publish and may amend a guide for transportation service providers about the process and timing for registration under this Part, the functions of facility operators under this Part, Part 25 and the Capacity Transfer and Auction Procedures and the role of transportation service providers under this Part (even if not registered as a facility operator).

618 Registration of transportation service providers

- (1) A transportation service provider must apply to AEMO to register under this Part as a facility operator if:
 - (a) any of its transportation facilities is a Part 24 facility; and
 - (b) the transportation service provider is not already registered under this Part as a facility operator.
- (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.
- (3) For the purposes of subrules (1) and (2), in relation to a transportation service provider, a Part 24 facility for which another transportation service provider has been appointed as the responsible transportation service provider in accordance with rule 620 should be disregarded.

619 Obligation to register Part 24 facilities

- (1) A transportation service provider for a Part 24 facility must apply to AEMO to:
 - (a) register the Part 24 facility under this Part, if the Part 24 facility is not already registered under this Part; and
 - (b) be registered under this Part as the facility operator for the Part 24 facility, unless another transportation service provider has been appointed as the responsible transportation service provider for the Part 24 facility in accordance with rule 620.
- (2) An application under subrule (1) must be made no later than 20 business days after the application date for the Part 24 facility.

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) The members of a transportation service provider group must appoint one of their members in writing (the **responsible transportation service provider**) to register as the facility operator for the relevant Part 24 facility.

Note:

The facility operator is not required to be the same transportation service provider who publishes a standard OTSA for the relevant Part 24 facility. However refer to subrule (9).

- (3) For the purposes of the rules and the Capacity Transfer and Auction Procedures, the members of a transportation service provider group are taken to have authorised the responsible transportation service provider appointed in accordance with subrule (2) to perform the obligations and exercise the rights of a facility operator under this Part, Part 25 and the Capacity Transfer and Auction Procedures in relation to the relevant Part 24 facility, including any right to receive payment from AEMO.
- (4) A transportation service provider appointed by a transportation service provider group as the responsible transportation service provider for a relevant Part 24 facility must apply to:
 - (a) register the relevant Part 24 facility under rule 619; and
 - (b) register as the facility operator for the relevant Part 24 facility under rule 619.
- (5) 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.
- (6) The responsible transportation service provider must as soon as practicable update the information about the transportation service provider group provided under subrule (5) if the information changes or is otherwise inaccurate.
- (7) If a responsible transportation service provider has been appointed for a relevant Part 24 facility in accordance with subrule (2) and has registered as the facility operator for the relevant Part 24 facility, for so long as that registration remains in effect, each other member of the transportation service provider group for the relevant Part 24 facility is exempt from the requirement to register the relevant Part 24 facility and as the facility operator for the relevant Part 24 facility.

Note:

A member of a transportation service provider group who is not also the facility operator may have obligations under the rules in its capacity as a transportation service provider for the relevant Part 24 facility.

- (8) If a responsible transportation service provider has registered as the facility operator for a relevant Part 24 facility, for so long as that registration remains in effect AEMO may fulfil AEMO's obligations under this Part, Part 25 and the Capacity Transfer and Auction Procedures in relation to the relevant Part 24 facility, including any obligation to make a payment, by performing those obligations in relation to the facility operator for the relevant Part 24 facility.

- (9) If a responsible transportation service provider has registered as the facility operator for a relevant Part 24 facility in accordance with subrule (4), for so long as that registration remains in effect:
 - (a) each member of the transportation service provider group must procure and where necessary facilitate, the compliance of the facility operator for the relevant Part 24 facility with its obligations under this Part, Part 25 and the Capacity Transfer and Auction Procedures as the facility operator for the relevant Part 24 facility; and
 - (b) the facility operator for the relevant Part 24 facility must procure and where necessary facilitate, the compliance of each other transportation service provider for the relevant Part 24 facility with the transportation service provider's obligations under this Part, Part 25 and the Capacity Transfer and Auction Procedures in relation to the relevant Part 24 facility.

621 Change of facility operator

- (1) If the identity of the transportation service provider for a Part 24 facility registered under this Part changes:
 - (a) the outgoing facility operator must notify AEMO of the change; and
 - (b) the new transportation service provider must apply to register under rule 619 as the facility operator for the Part 24 facility.
- (2) If the identity of the responsible transportation service provider for a Part 24 facility changes:
 - (a) the outgoing facility operator must notify AEMO of the change; and
 - (b) the new responsible transportation service provider (if any) must apply to register under rule 619 as the facility operator for the Part 24 facility.
- (3) A notice under subrule (1) or (2) must be given no later than 5 business days after the change takes effect.
- (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.

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 for registration 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 under this Part as a facility operator 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 facility operator pursuant to rule 618 or as the facility operator for a Part 24 facility pursuant to rule 619(1)(b) if the applicant has applied for registration under this Part in that capacity in accordance with this Part.
- (2) Subject to subrules (3) and (4), AEMO must register a Part 24 facility the subject of an application under rule 619(1)(a) if an application for registration of the Part 24 facility pursuant to that rule has been made in accordance with this Part.
- (3) AEMO may register a pipeline that is the subject of multiple pipeline licences as a single Part 24 facility and may require applications for registration to be consolidated for that purpose.
- (4) AEMO may on the application of a facility operator made in relation to its transportation facility (including a transportation facility that is already registered under this Part):
 - (a) register the transportation facility, together with one or more other transportation facilities in respect of which an application under this subrule is made, as a single Part 24 facility; or

- (b) register a part (or parts) of a transportation facility as a separate Part 24 facility,

in each case, if AEMO is reasonably satisfied that such registration is not likely to hinder access to one or more operational transportation services, having regard to information provided by the facility operator and any other matter that AEMO considers appropriate.

- (5) Where an application for registration is made pursuant to this Part by an intending transportation service provider, intending facility operator for a Part 24 facility or in respect of a proposed Part 24 facility, the registration takes effect at the time determined by AEMO.
- (6) AEMO must confirm registration details to the applicant as provided for in the Capacity Transfer and Auction Procedures.

624 Revocation of registration

- (1) A facility operator must apply to AEMO to revoke its registration under this Part if the facility operator is no longer required by this Part to be registered.
- (2) A facility operator 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 facility agreements

A facility operator for a Part 24 facility must provide to AEMO and keep up to date in accordance with the Capacity Transfer and Auction Procedures, information about facility agreements for the Part 24 facility to allow the accurate identification of those agreements for the purposes of the transaction support arrangements.

626 Service point specifications

- (1) A facility operator for a Part 24 facility must, in accordance with the Capacity Transfer and Auction Procedures, provide to AEMO and keep up to date a

specification of each service point at or between which transportation services are or may be provided by means of the Part 24 facility and each park service point, in a form that complies with the Capacity Transfer and Auction Procedures and is suitable for publication in the transportation service point register.

- (2) A facility operator for a Part 24 facility may from time to time amend the specification of a service point or a park service point in accordance with the Capacity Transfer and Auction Procedures.

627 Determination of zones and pipeline segments

- (1) AEMO must from time to time determine:
 - (a) the allocation of pipeline service points and compression service points to zones, in accordance with rule 628; and
 - (b) the forward haul pipeline segments and backhaul pipeline segments.
- (2) Before making a determination under subrule (1), AEMO must consult in accordance with the Capacity Transfer and Auction Procedures.
- (3) The Capacity Transfer and Auction Procedures must set out the arrangements for AEMO to consult on and determine the proposed allocation of service points to zones and proposed pipeline segments. The arrangements must include provisions with respect to:
 - (a) proposals to be made by a facility operator or any other person (including AEMO) for a determination (including a change to an existing determination);
 - (b) the provision of information by facility operators in connection with the determination;
 - (c) the time frame and process for AEMO to consult, which may allow for extensions of time in reasonable circumstances;
 - (d) an expedited process for AEMO to consult in circumstances where the matter is of a minor or administrative nature;
 - (e) rejection of proposals for change without consultation, including where in the reasonable opinion of AEMO the proposal is for a change proposed, but rejected, in the previous 12 months or is misconceived or lacking in substance;
 - (f) the information to be published in the consultation, including information relating to possible curtailment of capacity released for transfer from one service point in the zone when nominated for use at another service point in the zone;
 - (g) arrangements to maintain the confidentiality of confidential or commercially sensitive information provided to AEMO in connection with a determination; and

- (h) the time at which a determination takes effect and the matters to be taken into account for that purpose, including the impact on transactions occurring before the decision about the determination is made and on the gas trading exchange.
- (4) A facility operator for a Part 24 facility must, in accordance with the Capacity Transfer and Auction Procedures:
 - (a) provide information reasonably required by AEMO to analyse and assess a proposed zone or pipeline segment; and
 - (b) undertake modelling or other analysis of a proposed zone or pipeline segment 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.

628 Principles for determining zones

- (1) Pipeline service points for forward haul services must be allocated to pipeline zones.
- (2) In determining the allocation of pipeline service points to pipeline zones, AEMO may have regard to any matter relevant to that determination including:
 - (a) the impact of the proposed allocation on trade in products offered through the gas trading exchange or the capacity auction including the impact on demand or liquidity;
 - (b) possible curtailment of capacity released for transfer from one pipeline service point in the zone when nominated for use at another pipeline service point in the zone, whether over time or at particular times or in particular conditions; and
 - (c) technical or operational characteristics of the pipeline.
- (3) The allocation of pipeline service points to pipeline zones must comply with the following principles:
 - (a) pipeline service points used for receipt of gas must be allocated to pipeline receipt zones;
 - (b) pipeline service points used for delivery of gas must be allocated to pipeline delivery zones;
 - (c) 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
 - (d) a pipeline service point can be in both a pipeline delivery zone and a pipeline receipt zone where the pipeline is bidirectional.

- (4) Compression service points must be allocated to compression zones.
- (5) In determining the allocation of compression service points to compression zones, AEMO may have regard to any matter relevant to that determination including:
 - (a) the impact of the proposed allocation on trade in products offered through the gas trading exchange or the capacity auction including the impact on demand or liquidity;
 - (b) possible curtailment of capacity released for transfer from one compression service point in the zone when nominated for use at another compression service point in the zone, whether over time or at particular times or in particular conditions; and
 - (c) technical or operational characteristics of the compression service facility.
- (6) The allocation of compression service points to compression zones must comply with the following principles:
 - (a) compression service points used for receipt of gas must be allocated to compression receipt zones;
 - (b) compression service points used for delivery of gas must be allocated to compression delivery zones; and
 - (c) a compression service point cannot be in more than one compression receipt zone or compression delivery zone (but if the point is used both for delivery and receipt, may be in both a compression receipt zone and a compression delivery zone).
- (7) A zone may consist of only one service point.
- (8) 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 allocated to a zone with other service points.

629 Transportation service point register and information about curtailment of capacity in a zone

- (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) The Capacity Transfer and Auction Procedures must provide for:
 - (a) a facility operator for a Part 24 facility to provide to AEMO in accordance with the Capacity Transfer and Auction Procedures; and
 - (b) AEMO to publish on the Natural Gas Services Bulletin Board,

information relating to the curtailment of transportation capacity released for transfer from one service point in a zone when nominated for use at another service point in the zone.

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, for the purposes of Part 19, 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.
- (3) The Capacity Transfer and Auction Procedures must provide for the arrangements under which, for the purposes of Part 20, 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.

Note:

Capacity at an STTM interface point purchased in the capacity auction will not result in a 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 OTSAs

Subdivision 5.1 Standard OTSAs and standardisation costs

631 Obligation to prepare and publish standard OTSAs

- (1) A transportation service provider for a Part 24 facility must prepare and publish a standard OTSA 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.
- (2) Where a transportation service provider becomes aware that a standard OTSA required to be published by it does not comply with the requirements of the rules or the Code, the transportation service provider must prepare and publish a revised standard OTSA that does comply as soon as practicable after the transportation service provider becomes aware of the non-compliance.

- (3) A transportation service provider for a Part 24 facility must notify the AER without delay upon publication of a standard OTSA or an amended standard OTSA for the Part 24 facility.

632 Content of standard OTSAs

- (1) A standard OTSA for a Part 24 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 Part 24 facility made 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.
- (2) A transportation service provider for a Part 24 facility must ensure that the facility specific terms for the Part 24 facility:
 - (a) are consistent with 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 make alterations to 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.
- (3) A transportation service provider for a Part 24 facility must ensure that any charge specified by or determined in accordance with facility specific terms for the recovery of standardisation costs is separately identified and not included as an unidentifiable component of another charge.
- (4) A standard OTSA published under this Part must include the date of publication, the date to which the standard OTSA is current and, if the standard OTSA replaces an earlier version, notice of that fact.

633 Amendments to standard OTSAs

- (1) A transportation service provider may amend a standard OTSA for its Part 24 facility, subject to rule 632.
- (2) A transportation service provider must amend a standard OTSA for its Part 24 facility to make a required amendment by the date specified for that required amendment or as otherwise required by the rules.

- (3) If a transportation service provider amends a standard OTSA for a Part 24 facility, it must as soon as practicable publish the new standard OTSA.
- (4) When a transportation service provider publishes a new version of a standard OTSA, it must:
 - (a) at the same time publish a version showing the amendments made to the old version; and
 - (b) continue to publish the old version until the new version is replaced.
- (5) If a transportation service provider amends a standard OTSA for a Part 24 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 OTSAs for Part 24 facilities;
 - (b) operational transportation service agreements in the form of a standard OTSA for conditionally exempt facilities; and
 - (c) systems and processes to comply with obligations under this Part, Part 25, the Capacity Transfer and Auction Procedures and where applicable the conditions of an exemption,

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) Subject to subrule (3), a transportation service provider should have a reasonable opportunity to recover its standardisation costs from transportation facility users.
- (3) A transportation service provider must:
 - (a) not seek to recover standardisation costs from transportation facility users more than once;
 - (b) treat amounts paid to a transportation service provider or a facility operator for any of the transportation service provider's Part 24 facilities on account of the proceeds of the capacity auction as a contribution to the recovery of standardisation costs by transportation facility users, up to the amount of those costs; and

- (c) in setting charges to recover standardisation costs from transportation facility users, set charges that:
 - (i) insofar as practicable, reflect the outcomes of a workably competitive market;
 - (ii) allocate the standardisation costs among transportation facility users in a reasonable manner (whether under operational transportation service agreements or otherwise); and
 - (iii) recover the standardisation costs over time in a manner that promotes efficient trade in, and utilisation of, transportation capacity.
- (4) A transportation service provider required to publish a standard OTSA must also publish, at the same time it is required to publish the standard OTSA, and keep up to date:
 - (a) a schedule of the charges under which standardisation costs are sought to be recovered, including charges under standard OTSAs and other agreements; and
 - (b) information in reasonable detail to explain how the standardisation costs were incurred, how proceeds of the capacity auction have been taken into account and how the charges in the schedule of charges have been calculated.
- (5) A transportation service provider must make a record of its standardisation costs and how they were incurred, and the charges imposed by or on behalf of the transportation service provider to recover the standardisation costs from transportation facility users, and must maintain that record for a period of 5 years after the costs were incurred.

635 AER review of standard OTSAs

- (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 OTSA or an agreement prepared in accordance with the exemption condition provided for in rule 611(6) (including charges under the agreement).
- (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 an agreement the subject of a review under subrule (1) complies with the rules or the Code or where applicable, the conditions of an exemption, the AER may give a notice to the transportation service provider requiring the transportation service provider to prepare a new standard OTSA for the Part 24 facility or a new agreement for the conditionally exempt facility (as

applicable) 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 20 business days.

- (4) A transportation service provider given a notice under subrule (3) must comply with the notice.
- (5) The AER must only approve a new agreement submitted to it following a notice under subrule (3) if the AER is satisfied that the agreement complies with the rules and the Code and, where applicable, the conditions of the exemption.
- (6) If the AER approves a new standard OTSA for a Part 24 facility 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 OTSA for the Part 24 facility.
- (7) Nothing in this rule:
 - (a) limits the powers of the AER under the *NGL* or the rules; or
 - (b) affects the validity or enforceability of an agreement.

Subdivision 5.2 Entering into standard OTSAs

636 Requests for standard OTSAs

- (1) A transportation service provider for a Part 24 facility must publish the information referred to in subrule (2) for the Part 24 facility at the same time it is required to publish the standard OTSA for the Part 24 facility under rule 631 and must keep the information up to date.
- (2) The information referred to in subrule (1) comprises:
 - (a) the contact details for a representative of the transportation service provider to whom a request for the standard OTSA can be sent;
 - (b) subject to subrule (3), the information to be included with a request for the standard OTSA; and
 - (c) the identity of the facility operator for the Part 24 facility.
- (3) The information to be included with a request for a standard OTSA 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 OTSA.

- (4) If the information included with a request for a standard OTSA 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 OTSA, 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 OTSA;
 - (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 OTSAs

- (1) Subject to subrules (2) and (4), the transportation service provider for a Part 24 facility in receipt of a request for the standard OTSA for the Part 24 facility from a prospective secondary shipper who is eligible to be offered the standard OTSA must prepare and make an offer that complies with subrule (3) to enter into the agreement within the longer of:
 - (a) 20 business days after receiving the request or, if applicable, the information requested pursuant to rule 636(4); or
 - (b) any period agreed by the prospective secondary shipper and the transportation service provider.
- (2) If a request for a standard OTSA under subrule (1) is made:
 - (a) before the date on which the transportation service provider is required to publish the relevant standard OTSA under rule 631, the offer must be made as soon as practicable after the standard OTSA is first published and in any event within 20 business days of that date; or
 - (b) under an exemption condition provided for 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 OTSA 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 OTSA.
- (4) For the purposes of section 228C(2)(c) of the *NGL*, a transportation service provider may decline to make an offer to enter into a standard OTSA under subrule (1) in relation to a Part 24 facility:
 - (a) where the request is made by a person who is not eligible under rule 636(5);
 - (b) where the request has been withdrawn;
 - (c) where:
 - (i) the transportation service provider and the prospective secondary shipper are or were parties to a facility agreement;
 - (ii) the transportation service provider has suspended or terminated the rights of the prospective secondary shipper under that agreement due to the prospective secondary shipper'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 satisfaction of the transportation service provider, acting reasonably; or
 - (d) where:
 - (i) the transportation service provider and the prospective secondary shipper are or were parties to a facility agreement;
 - (ii) the liability of the prospective secondary shipper to the transportation service provider that is subject to a liability cap has reached or exceeded the liability cap; and
 - (iii) the prospective secondary shipper has failed to discharge its liability up to that cap.
- (5) If a transportation service provider declines to make an offer on a ground set out in subrule (4), it must notify the prospective secondary shipper within 10 business days of receipt of the request to which it relates.
- (6) If a transportation service provider declines to make an offer on a ground set out in paragraph (c) or (d) of subrule (4), the prospective secondary shipper may refer the matter to the AER who may reverse the transportation service provider's decision if the AER determines it was not made in accordance with the relevant paragraph.
- (7) Before making a determination under subrule (6), the AER must consult with the transportation service provider.

- (8) If the transportation service provider's decision is reversed by the AER, the transportation service provider may not rely on paragraph (c) or (d) of subrule (4) (as applicable) as the basis for declining to make an offer 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) A transportation service provider for a Part 24 facility must give effect to an operational transfer of transportation capacity in relation to the Part 24 facility notified by AEMO under the Capacity Transfer and Auction Procedures to the facility operator for the Part 24 facility after the CTP application date for the Part 24 facility, except to the extent it is not required to do so in accordance with and subject to:
- (a) the Capacity Transfer and Auction Procedures; or
 - (b) the terms and conditions of a facility agreement to which the notification relates, subject to rule 639.
- (2) Subject to rule 639, subrule (1) does not require a transportation service provider to give effect to an operational transfer of transportation capacity referred to in that subrule where the primary facility agreement from which that transportation capacity is first derived has been terminated.
- (3) A transportation service provider for a Part 24 facility or a conditionally exempt facility must give effect to an operational transfer of transportation capacity in relation to the transportation facility notified by the parties to the transaction except to the extent it is not required to do so in accordance with, and subject to, the terms and conditions of a facility agreement to which the notification relates.
- (4) For the purposes of this rule, the **CTP application date** for a Part 24 facility is the date falling 120 business days after the application date for the Part 24 facility.

639 Service continuity for primary service termination or suspension

- (1) Subrule (2) applies to a transportation service provider for a Part 24 facility in relation to traded capacity in respect of the Part 24 facility, where the primary facility agreement from which the traded capacity is first derived has been terminated.
- (2) Where this subrule applies, a transportation service provider for a Part 24 facility must, in relation to traded capacity in respect of the Part 24 facility:
- (a) give effect to each operational transfer of the traded capacity notified to the facility operator by AEMO under the Capacity Transfer and Auction Procedures during the service continuity period for the traded capacity, unless the seller or buyer of the traded capacity for the operational transfer has specified (or purported to specify) the terminated primary facility

- agreement as the agreement from or to which the traded capacity is to be transferred; and
- (b) during the service continuity period for the traded capacity, provide transportation services in respect of the traded capacity, unless the transportation facility user nominating for use of the traded capacity is a terminated seller in relation to the traded capacity.
- (3) The Capacity Transfer and Auction Procedures must provide for AEMO to:
 - (a) determine in accordance with the methodology made by AEMO under subrule (7) an amount for the provision of transportation services in accordance with subrule (2) during the period provided for in that subrule; and
 - (b) in its capacity as Operator under Part 22, pay that amount in accordance with the Capacity Transfer and Auction Procedures to the facility operator for the Part 24 facility.
 - (4) Subrule (5) applies to a transportation service provider for a Part 24 facility in relation to traded capacity in respect of the Part 24 facility, where the primary facility agreement from which the traded capacity is first derived has been suspended.
 - (5) Where this subrule applies, a transportation service provider for a Part 24 facility must, in relation to traded capacity in respect of the Part 24 facility:
 - (a) give effect to each operational transfer of the traded capacity notified to the facility operator by AEMO under the Capacity Transfer and Auction Procedures, unless the seller of the traded capacity for the operational transfer has specified the suspended primary facility agreement as the agreement from which the traded capacity is to be transferred; and
 - (b) provide transportation services in respect of the traded capacity, unless the transportation facility user nominating for use of the traded capacity is nominating (or purporting to nominate) under the suspended primary facility agreement or another agreement under which the provision of transportation services by means of traded capacity has been suspended.
 - (6) Notwithstanding anything in this rule, this rule does not prevent a transportation service provider exercising its rights in respect of a breach of an operational transportation service agreement, including rights to suspend or refuse service.
 - (7) AEMO must specify in the Capacity Transfer and Auction Procedures a methodology for determining the amounts payable in accordance with subrule (3) for each gas day in the service continuity period for traded capacity, which must be:
 - (a) determined by reference to the price or prices at which the terminated seller sold the traded capacity through the gas trading exchange; and

- (b) payable in respect of the quantity of traded capacity for which the transportation service provider is required to continue to provide the transportation service under subrule (2).

640 Amendment of facility agreements

- (1) A transportation service provider for a Part 24 facility or a conditionally exempt facility must, within 30 business days of a request made by a party to a facility agreement for transportation services provided by means of the transportation facility, give the person making the request and each other party to the agreement an amending agreement that complies with subrule (2).
- (2) An amending agreement must:
 - (a) make amendments to the facility agreement to permit a transportation facility user who is party to the agreement 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 parties to the facility agreement must negotiate in good faith for the purposes of agreeing the terms of the amending agreement.
- (4) Once the terms of the amending agreement have been agreed the parties to the facility agreement must execute the amending agreement as soon as is reasonably practicable.
- (5) If there is a relevant dispute:
 - (a) the relevant dispute must be resolved in accordance with the relevant contractual provisions for dispute resolution, insofar as those provisions apply to the relevant dispute of their own force and effect; and
 - (b) if the relevant contractual provisions for dispute resolution do not apply to the relevant dispute, each party to the relevant facility agreement is taken to have agreed (as a term of the relevant facility agreement) to refer the relevant dispute for determination by an expert under the expert determination rules.
- (6) For the purposes of this rule:
 - (a) **expert determination rules** means the expert determination rules of the Resolution Institute ABN 69 008 651 232 (or its successor body) in the form those expert determination rules take at the time the relevant dispute is referred for determination;
 - (b) **relevant dispute** means a disagreement or dispute between the parties to a relevant facility agreement under or in connection with this rule, including a disagreement or dispute about the terms of an amending agreement the

subject of negotiations under this rule, whether or not a party to negotiations under subrule (4) has negotiated in good faith;

- (c) **relevant contractual provisions for dispute resolution** means provisions for dispute resolution contained in a relevant facility agreement; and
- (d) **relevant facility agreement** means, in relation to an amending agreement, the facility agreement the subject of a request under subrule (1).

641 New facility agreements

- (1) A facility agreement entered into after the Part 24 commencement date for transportation services provided by means of a Part 24 facility or a conditionally exempt facility must include provisions that permit a transportation facility user who is party to the agreement 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 permit a 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 permit the sale of transportation capacity by means of an operational transfer;
 - (b) the provisions must permit two or more transportation services provided as a single transportation service under the facility agreement to be sold as separate transportation services if:
 - (i) each separate transportation service is available as a separate transportation service to transportation facility users for that transportation facility; and
 - (ii) it is operationally and technically feasible to provide each such transportation service as a separate transportation service in a manner consistent with the safe and reliable operation of the transportation facility;
 - (c) the provisions must permit 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;
 - (d) the provisions must permit 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;
- (e) 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;
 - (f) 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
 - (g) 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 and subject to rule 639, 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) 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;
 - (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.
 - (5) This rule prevails over anything inconsistent with this rule in rule 105, to the extent of the inconsistency.

643 Use of additional pipeline service points

- (1) A transportation facility user is taken to have a right under a facility agreement for transportation services provided by means of a Part 24 facility or a conditionally exempt facility and 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 reduces 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 that came into force before 19 March 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 transportation capacity reserved 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 or other charge applicable to the transportation of natural gas to that point (provided that charge is reflective of the charges 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 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; or
 - (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.
- (15) This rule prevails over anything inconsistent with this rule in rule 106, to the extent of the inconsistency.

644 Obligations of transportation service providers in relation to auction facilities

- (1) This rule applies to a transportation service provider for an auction facility where the transportation service provider is not also the facility operator for the auction facility.
- (2) A transportation service provider to whom this rule applies must comply with rule 650(2) and rule 650(3) in relation to the auction facility as if it were the facility operator for the auction facility.
- (3) A transportation service provider to whom this rule applies must comply with rule 655(3) in relation to the auction facility as if it were the facility operator for the auction facility.

Schedule 9 Amendment to the National Gas Rules

(Clause 11)

[1] New Part 25 Capacity Auction

After Part 24, insert:

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 and nomination rules and obligations in relation to nominations and renominations; and
 - (d) Division 4 provides for settlement of amounts payable to facility operators in connection with the capacity auction.
- (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) Unless otherwise defined in this Part, Part 1 or the *NGL*, terms used in this Part 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 Capacity Transfer and Auction Procedures.

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

auction application date has the meaning given in rule 654(1).

auction capacity means, for a gas day and auction product, the quantity of the auction product available to be allocated in the capacity auction for the gas day, 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 MDQ means, for an auction product and a gas day, a quantity of auction product allocated in the capacity auction for the gas day.

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

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

auction quantity limit means for an auction service, auction facility and gas day, each auction quantity limit determined in accordance with the Capacity Transfer and Auction Procedures and provided to AEMO in accordance with rule 653(1).

auction service means each of the transportation services listed in rule 650(1), which for the purposes of this Part, the Capacity Transfer and Auction Procedures and the auction agreement is in each case taken to be provided in respect of an auction facility on the terms and conditions of the standard OTSA for the auction facility.

auction service point means, as applicable to the auction service, a backhaul service point, a pipeline service point when used for a forward haul service or a compression service point.

auction service priority principles means the principles in rule 651.

backhaul auction quantity has the meaning given in rule 653(9).

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

backhaul delivery point means a pipeline service point when it is used for delivery of natural gas for a backhaul service.

backhaul receipt point means a pipeline service point when it is used for receipt of natural gas for a backhaul service.

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

bidirectional pipeline means a pipeline classified as a bidirectional pipeline in accordance with rule 648.

billing period means a month.

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

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

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

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

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

contracted capacity means for a:

- (a) compression service facility for a gas day, the transportation capacity on the compression service facility reserved for use for that gas day by firm compression services;
- (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;
- (c) 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;

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 contracted capacity takes into account the quantity reserved for each service.

- (d) forward haul pipeline segment for a gas day, the transportation capacity in the forward haul pipeline segment reserved for use for that gas day by firm forward haul services or firm backhaul services; and

Note:

A forward haul pipeline segment may be used for both forward haul and backhaul flow in the same direction. Under paragraph (d), where that occurs, the contracted capacity takes into account the quantity reserved for each service.

- (e) backhaul pipeline segment for a gas day, the transportation capacity in the backhaul pipeline segment reserved for use for that gas day by firm backhaul services.

default interest rate has the meaning in rule 3.

exchange agreement means the exchange agreement made for the gas trading exchange under Part 22.

facility operator means, for an auction facility, the transportation service provider registered under Part 24 as the facility operator for the auction facility.

final statement payment date has the meaning given in rule 668(3).

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

- (a) transportation capacity for use of the transportation service on the gas day is reserved capacity; and
- (b) in normal operating conditions and even if the relevant transportation facility is fully contracted for the gas day on a firm basis, to the extent consistent with accepted good industry practice:
 - (i) nominations made by another transportation facility user do not affect the quantity of reserved capacity or the scheduling of a nomination for use of the reserved capacity; and
 - (ii) 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 be scheduled for the quantity nominated,

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 sold in the capacity auction are not firm within the meaning of this definition.

Note:

For classification of services, refer to rule 648.

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

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

lower tier service means any transportation service other than an auction service:

- (a) where even in normal operating conditions the transportation service provider has no obligation to accept a nomination for the service or has no obligation to schedule some or all of the capacity nominated; or
- (b) which even in normal operating conditions 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,

and includes a transportation service provided in respect of any part of a nomination or renomination for use of a firm transportation service in excess of the applicable reserved capacity. Examples of lower tier services include transportation services described in the natural gas industry as “interruptible”, “as available” or “authorised overrun” (or services equivalent in nature to such services).

Note:

For classification of services, refer to rule 648.

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

market generating unit means a market generating unit under the *NER* or a facility for generating electricity that participates in a wholesale electricity market operating from time to time in the Northern Territory.

maximum total payment for a billing period means the maximum total payment under Division 4 for the billing period determined under the Capacity Transfer and Auction Procedures as provided for in rule 673.

nomination and scheduling records has the meaning given in rule 665(1).

nominated service agreement means, for an auction participant, the facility agreement setting out the terms and conditions for use of auction MDQ, as agreed by the auction participant with the relevant facility operator and nominated by the auction participant under the Capacity Transfer and Auction Procedures.

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

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

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

pipeline delivery point means a pipeline service point when it is used for delivery of natural gas in connection with a pipeline service.

pipeline receipt point means a pipeline service point when it is used for receipt of natural gas in connection with a pipeline service.

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

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

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

scheduled net priority forward haul flow means a measure of actual flow taking into account both firm forward haul and firm backhaul scheduled quantities.

scheduled priority flow means for a:

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

Note:

A forward haul pipeline segment may be used for both forward haul and backhaul flow in the same direction. Under paragraph (c), where that occurs, the scheduled priority flow is the total of the scheduled quantity for each service.

- (d) 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.

Note:

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

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

settlement amount has the meaning given in rule 667(2).

settlement information has the meaning given in rule 654(2).

single direction pipeline means a pipeline classified as a single direction pipeline in accordance with rule 648.

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 forward haul pipeline segment, for each direction in which natural gas can be transported on the forward haul pipeline segment, the quantity of natural gas that can be transported through the forward haul pipeline segment on the gas day in that direction;
 - (c) for a pipeline receipt point, the quantity of natural gas that can be injected through, or otherwise received at, the pipeline receipt point on the gas day;
 - (d) for a pipeline delivery point, the quantity of natural gas that can be withdrawn through, or otherwise delivered at, the pipeline 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 through, or otherwise received at, the compression receipt point on the gas day; and
 - (g) for a compression delivery point, the quantity of natural gas that can be withdrawn through, or otherwise delivered at, 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 and service 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(2) in Part 24.

- (2) For the purposes of this Part, a pipeline, or part of a pipeline, is classified as a bidirectional pipeline at any time, if:
 - (a) 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 or equipment forming part of, or connected to, the pipeline; and
 - (b) transportation facility users have transportation capacity for firm forward haul transportation services on the pipeline in both physical flow directions, with a term for provision of the service that includes that time.
- (3) For the purposes of this Part, a pipeline, or part of a pipeline, is classified as a single direction pipeline at any time if it is not classified as bidirectional at that time.
- (4) For the purposes of this Part, a facility operator for an auction facility must, for each transportation service provided by means of the auction facility (other than an auction service):
 - (a) classify the transportation service as a firm service or a lower tier service applying the definitions in rule 647;
 - (b) where, acting reasonably, there is doubt about the classification of the transportation service applying the definitions in rule 647, adopt a classification that is reasonable having regard to the definitions in rule 647 and reasonable commercial practice in the natural gas industry; and
 - (c) use the same classification for the purposes of determining auction quantity limits and the auction service priority principles.
- (5) If requested by the AER, a facility operator for an auction facility must provide to the AER information reasonably required by the AER to support the facility operator's classification of a transportation service under subrule (4).

649 Information standard

- (1) A transportation service provider or transportation facility user required by a provision of this Part to make a record or give information or data to AEMO or the AER, including information resulting from calculations, must make the record or prepare and submit that information or data and perform those calculations in accordance with the Part 24 information standard.
- (2) Where this Part requires a person to update information or data provided to the AER or AEMO, the person:
 - (a) must do so each time facts or circumstances arise that require the information or data to be updated; and

- (b) must provide the updated information or data as soon as practicable after the person becomes aware of the facts or circumstances that require the information or data to be updated and, in the case of information or data to be provided to AEMO, within any applicable period specified in the Capacity Transfer and Auction Procedures.
- (3) 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.

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.
- (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 an auction service such that the lower tier service ceases to be a lower tier service.

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 must be given priority over auction services; and
 - (ii) auction services of a type must be given equal priority with other auction services of the same type;
 - (b) in scheduling, auction services must 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, to the extent it does not result in the scheduled quantity exceeding the reserved capacity in relation to which the renomination is made, must 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, to the extent it does not result in the scheduled quantity exceeding the auction MDQ in relation to which the renomination is made, must 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 must 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 to the extent it is operationally and technically feasible to do so on that gas day in accordance with accepted good industry practice 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) 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 direction of actual physical flow of natural gas on the pipeline;
 - (b) the operational capacity of an auction facility and whether there is a capacity shortfall must be determined by the facility operator in accordance with accepted good industry practice; and
 - (c) a reference to a firm forward haul service or firm backhaul service includes a reference to a firm forward haul service or firm backhaul service supplied

together with a firm park service as a single service, where that service is also taken into account in determining contracted capacity.

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(1) but subject to rules 656(2) and (3);
 - (b) subject to paragraph (c), each auction service provided by an auction facility referred to in paragraph (a), in both directions for a bidirectional pipeline (or part), and for the auction service points applicable to the auction service; and
 - (c) for backhaul service points, only those backhaul auction services 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 the pipeline for that gas 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 Capacity Transfer and 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

Capacity Transfer and Auction Procedures) for the combination of auction products specified in the bid.

- (8) In relation to the allocation of transportation capacity in the capacity auction, the Capacity Transfer and 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 gas 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 Capacity Transfer and 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 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 Capacity Transfer and Auction Procedures must provide for:
- (a) subject to paragraph (b), the auction participant to pay an amount for each auction product allocated to the auction participant in the capacity auction by reference to the auction MDQ allocated to the auction participant 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 by the auction participant for the curtailed auction MDQ and the auction MDQ for the other auction products that formed part of the relevant winning bid to be determined by reference to the curtailed auction MDQ and the auction participant's nominations or renominations for use of auction MDQ; 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 Capacity Transfer and Auction Procedures must provide for the proceeds of the capacity auction for a gas day (excluding taxes and subject to the maximum total payment provisions in Division 4) 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.
- (12) The Capacity Transfer and 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) A facility operator for an auction facility must, for each gas day on and from the date the auction facility becomes subject to the capacity auction:
 - (a) determine and update the auction quantity limits for the auction facility for the gas day in accordance with the Capacity Transfer and Auction Procedures; and
 - (b) provide the auction quantity limits and any update to AEMO at the time required by the Capacity Transfer and Auction Procedures.
- (2) All auction quantity limits and inputs into them are to be expressed in GJ per gas day.

- (3) The Capacity Transfer and Auction Procedures must include the methodology for the calculation of auction quantity limits, which must give effect to the principles in subrules (4) to (9).
- (4) For each pipeline, the Capacity Transfer and Auction Procedures must provide for the following auction quantity limits to be determined for each gas day, subject to subrule (7):
 - (a) **unused capacity** determined for each pipeline service point on the pipeline, which must be a measure of the physical capacity remaining at the pipeline service point after deducting the scheduled priority flow for the point for the gas day;
 - (b) the **pipeline zone forward haul limit** determined for each pipeline zone on the pipeline, which must be a measure of the total contracted capacity remaining at pipeline service points in the zone after deducting the scheduled priority flow for the relevant pipeline service point for the gas day; and
 - (c) the **forward haul pipeline segment limit** determined for each forward haul pipeline segment on the pipeline, which must be a measure of the contracted capacity for the forward haul pipeline segment remaining after deducting the scheduled priority flow for the forward haul 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 Capacity Transfer and Auction Procedures must provide for the following auction quantity limits to 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 at the relevant compression service point after deducting the scheduled priority flow at the point for the gas day;
 - (b) the **compression facility limit** determined for the compression service facility, which must be a measure of the contracted capacity for the compression service facility remaining after deducting the scheduled priority flow for the compression service facility for the gas day; and
 - (c) the **compression zone limit** determined for each of the compression receipt zone and the compression delivery zone for the compression service facility, which must be a measure of the total contracted capacity remaining at compression service points in the zone after deducting the scheduled priority flow for the relevant compression service point for the gas day.

- (7) The Capacity Transfer and Auction Procedures must provide for:
- (a) in the calculation of the pipeline zone forward haul limit for a pipeline zone for a gas day, the contracted capacity at each pipeline service point in the zone to be capped by reference to the operational capacity of the pipeline service point for the gas day;
 - (b) in the calculation of the forward haul pipeline segment limit for a forward haul pipeline segment for a gas day, the contracted capacity for the forward haul pipeline segment to be capped by reference to the operational capacity of the forward haul pipeline segment for the gas day;
 - (c) in the calculation of the compression facility limit for a compression facility for a gas day, the contracted capacity for the compression service facility to be capped by reference to the operational capacity of the compression service facility for the gas day; and
 - (d) in the calculation of the compression zone limit for a compression zone for a gas day, the contracted capacity at each compression service point in the zone to be capped by reference to the operational capacity of the compression service point for the gas day.
- (8) For the purposes of subrule (7), the Capacity Transfer and Auction Procedures must provide for operational capacity to be determined by the facility operator in accordance with accepted good industry practice.
- (9) For each pipeline (or part) for which the backhaul auction service is offered in the capacity auction, the Capacity Transfer and Auction Procedures must provide for the auction quantity limit that must be determined for each gas day for the pipeline (or part) to be 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, where applicable limited by the quantity of the scheduled net priority forward haul flow on the gas day.
- (10) The Capacity Transfer and Auction Procedures may provide for:
- (a) arrangements for AEMO and a facility operator to agree or have determined the allocation of reserved capacity to an auction facility, service point or pipeline segment for the purposes of determining auction quantity limits where necessary or convenient in order to facilitate the determination of auction quantity limits; and
 - (b) circumstances in which a facility operator may include additional quantities of transportation capacity as contracted capacity for the purposes of calculating auction quantity limits (but, to avoid doubt, not for the purposes of the auction service priority principles).

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 120 business days after the auction application date for the auction facility. For the purposes of this subrule, the **auction application date** for an auction facility is the date on which the circumstances occur by reason of which it becomes an auction facility.

Note:

For example, a transportation facility may become an auction facility when it is commissioned or an exemption under Part 24 is revoked.

- (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 and keep up to date in accordance with the Capacity Transfer and Auction Procedures:
 - (a) information about nominations, scheduling and curtailment for determining amounts payable by or to auction participants, AEMO or facility operators in connection with the capacity auction (**settlement information**); and
 - (b) any other information specified in the Capacity Transfer and Auction Procedures.
- (3) A facility operator for an auction facility must provide revised settlement information to AEMO in accordance with the Capacity Transfer and Auction Procedures or where the settlement information contains an error or discrepancy.

655 Giving effect to auction results

- (1) AEMO must notify the results of the capacity auction for a gas day to facility operators in accordance with the Capacity Transfer and Auction Procedures.
- (2) The facility operator must validate and confirm the receipt of auction results in accordance with the Capacity Transfer and Auction Procedures.
- (3) Subject to subrules (4), (5) and (6), a facility operator must give effect to the results of the capacity auction notified to it by AEMO under subrule (1) by supplying to the auction participant the auction service represented by the auction MDQ allocated to the auction participant in the capacity auction 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).
- (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 for the relevant auction service has terminated or in circumstances provided for in the Capacity Transfer and Auction Procedures.

- (5) If a party to a nominated service agreement is a nominee of the auction participant (and not the auction participant), the facility operator must, subject to subrule (4), comply with its obligation under subrule (3) in relation to the nominee party.
- (6) If a transportation service provider who is party to a nominated service agreement is not the facility operator for the auction facility, the facility operator must ensure that the transportation service provider complies with subrules (3) and (5), subject to subrule (4), as if a reference in those subrules to the facility operator were a reference to the transportation service provider.
- (7) The Capacity Transfer and Auction Procedures or the auction agreement may specify arrangements to be complied with and information to be provided to AEMO by an auction participant or a facility operator where a party to a nominated service agreement is a nominee of the auction participant (and not the auction participant) or a transportation service provider for an auction facility who is not also the facility operator for the auction facility.

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; and
 - (b) notify facility operators of the results of the capacity auction,in accordance with this Part and the Capacity Transfer and Auction Procedures.
- (2) AEMO may delay or cancel the capacity auction or suspend the participation of an auction facility or part of an auction facility in the capacity auction for a period specified by AEMO in the circumstances provided for in the Capacity Transfer and 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 or not feasible to conduct the capacity auction with the auction facility (or part).
- (4) If AEMO takes any action under subrule (2) or (3), 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 Capacity Transfer and Auction Procedures and auction agreements; and
 - (b) facility operators, in accordance with this Part and the Capacity Transfer and 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 Capacity Transfer and Auction Procedures and auction agreement

- (1) The Capacity Transfer and Auction Procedures must provide for the operation and administration of the capacity auction in accordance with this Part.
- (2) The Capacity Transfer and 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 Capacity Transfer and Auction Procedures; and
 - (f) any other matters necessary or convenient to deal with in the Capacity Transfer and Auction Procedures.
- (3) The Capacity Transfer and Auction Procedures may provide for access to information published by AEMO in relation to the capacity auction to be restricted, where necessary to protect against directly or indirectly disclosing a nomination in respect of a market generating unit.
- (4) The Capacity Transfer and Auction Procedures may specify conditions for participation 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 Capacity Transfer and Auction Procedures must set out:

- (a) provisions under which the auction participant agrees to comply with and be bound by the Capacity Transfer and Auction Procedures or specified provisions in those 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 an auction participant is also a gas trading exchange member, provision for:
 - (i) payment and settlement of auction amounts and amounts owed in relation to the gas trading exchange in respect of the auction participant to be undertaken as a single process;
 - (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 in respect of that auction participant; and
 - (iii) 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 incorporation into auction agreements of amendments to the standard form of auction agreement in the Capacity Transfer and Auction Procedures.

658 Suspension and termination of an auction participant

- (1) AEMO may, in accordance with an auction agreement or the Capacity Transfer and 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 Capacity Transfer and 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 Capacity Transfer and 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(4A), 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 Capacity Transfer and 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. Payment must be made in accordance with this subrule even if a notice has been given under subrule (3).
- (3) If an auction participant reasonably believes there to be an error (including an omission) or discrepancy in settlement information used by AEMO to determine the auction amount payable by the auction participant, the auction participant must notify AEMO and the relevant facility operator.
- (4) A notice under subrule (3) must be given to AEMO and the relevant facility operator as soon as practicable and in any event within 60 business days after the end of the billing period to which the notice relates.
- (5) If an auction participant gives a notice under subrule (3), the relevant facility operator and the auction participant and where relevant AEMO, must review the settlement information and must each use reasonable endeavours to resolve the matter as soon as practicable.
- (6) A dispute about settlement information the subject of a notice under subrule (3) is a rule dispute and is to be resolved under Part 15C.

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.

- (2) A transportation service provider must not engage in any conduct with the intent of distorting or manipulating prices in the capacity auction.
- (3) A transportation service provider must not, in relation to an auction facility owned, operated or controlled by the transportation service provider:
 - (a) submit bids through the capacity auction for auction capacity on the auction facility; or
 - (b) arrange for another person to submit bids through the capacity auction for auction capacity on the auction facility on behalf of the transportation service provider or at a price determined by the transportation service provider.

662 Conduct in relation to auctions

- (1) An auction participant must not submit a bid 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.

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.
- (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 need for accurate, reliable and timely information about the intended use of transportation capacity for the efficient conduct of the capacity auction and the efficient scheduling and use of transportation capacity for all transportation facility users.
- (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, including in a regulated gas market or under a gas sales agreement, made by the transportation facility user or in relation to which the transportation facility user had substantial control or influence;
 - (b) bids in a wholesale electricity market or wholesale gas market made by the transportation facility user or in relation to which the transportation facility user had substantial control or influence;
 - (c) other conduct (including any pattern of conduct), knowledge, belief or intention of the relevant transportation facility user;
 - (d) the conduct (including any pattern of conduct), knowledge, belief or intention of any other person;
 - (e) information published by AEMO or a transportation service provider or the relevant transportation facility user; or
 - (f) any other relevant circumstances.

Subdivision 3.2 Role of the AER

664 AER monitoring

- (1) The AER must monitor day-ahead nominations, renominations and activity in the capacity auction with a view to ensuring that transportation service providers, auction participants and transportation facility users comply with the market conduct and nomination rules.
- (2) The AER may, in connection with its investigation of compliance with the market conduct and nomination rules, request AEMO to suspend or limit the access of a

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 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) A facility operator must make and maintain records of the following information (**nomination and scheduling records**) in relation to each of its auction facilities in accordance with subrule (2):
 - (a) day-ahead nominations for use of the auction facility (including deemed or default nominations) made 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).
- (2) The nomination and scheduling records must be made and maintained in the manner specified in guidelines published 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 and publish and may amend, 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.
- (4) In developing the guidelines under subrule (3) and making any amendments to them, the AER must:
 - (a) comply with the *standard consultative procedure*; and
 - (b) have regard to the need for costs likely to be incurred by facility operators in complying with the guidelines to be proportionate and appropriate.

- (5) Nomination and scheduling records must be maintained for a period of 5 years after the gas day to which the records relate.
- (6) The facility operator for an auction facility must give nomination and scheduling records to the AER on written request by the AER.

666 Renomination records for firm services and auction services

- (1) A transportation facility user for an auction facility who makes a material renomination as defined in subrule (2) for use on a gas day of a transportation service must make a contemporaneous record in relation to the renomination, which must include 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, which must be verifiable and specific;
 - (c) the time at which the event or other occurrence giving rise to the renomination occurred; and
 - (d) the time at which the transportation facility user first became aware of the relevant event or other occurrence.
- (2) For the purpose of subrule (1), a renomination of a transportation facility user is a material renomination in relation to a gas day and transportation service if:
 - (a) the renomination is for:
 - (i) a transportation service taken into account in the calculation of an auction quantity limit; or
 - (ii) an auction service; and
 - (b) the renomination, either alone or when taken together with other renominations of the transportation facility user for that transportation service for the gas day (whether before or after the renomination) results in a variation of more than 10% to:
 - (i) except in the case of an auction service, the last day-ahead nomination of the transportation facility user for that transportation service before the nomination cut-off time applicable to the transportation service; and
 - (ii) in the case of an auction service, the initial nomination for use of the auction service.
- (3) A record made under subrule (1) must be maintained for a period of 5 years after the gas day to which the record relates.
- (4) A transportation facility user must, upon written request from the AER and in accordance with the guidelines published by the AER under subrule (5), provide

to 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.

- (5) The AER must develop and publish guidelines for the purposes of subrule (4) and may amend the guidelines from time to time. The guidelines developed under this subrule 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) In developing the guidelines under subrule (5) and making any amendments to them, the AER must:
 - (a) comply with the *standard consultative procedure*; and
 - (b) have regard to the need for costs likely to be incurred by transportation facility users in complying with the guidelines to be proportionate and appropriate having regard to the need for accurate, reliable and timely information about the intended use of transportation capacity for the efficient conduct of the capacity auction and the efficient scheduling and use of transportation capacity for all transportation facility users.
- (7) The AER may publish the guidelines developed under subrule (5) and the guidelines under rule 665(3) as one instrument.

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 Capacity Transfer and Auction Procedures:
 - (a) the amount payable by AEMO to the facility operator for each gas day in the billing period in respect of the capacity auction; plus
 - (b) any other amounts payable under this Part or the Capacity Transfer and Auction Procedures by AEMO to the facility operator in respect of that billing period and to be included in the settlement amount for the billing period; less
 - (c) any 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 and final statement payment date

- (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 for the billing period.
- (2) AEMO must comply with any requirements in the Capacity Transfer and Auction Procedures in respect of the preparation, content and issue of final statements.
- (3) The payment date for a final statement for a billing period (**final statement payment date**) is the 17th business day after the end of the billing period or the second business day after receipt of the final statement under subrule (1), whichever is the later.

669 Settlement queries and disputes

- (1) If a facility operator reasonably believes there to be an error or discrepancy in a final statement or a revised statement, the facility operator must notify AEMO of that error or discrepancy as soon as practicable.
- (2) If AEMO reasonably believes there to be an error or discrepancy in settlement information that affects a final statement or a revised statement, AEMO must notify the facility operator of that error or discrepancy as soon as practicable.
- (3) If a notice is given under subrule (1) or (2), AEMO and the facility operator must each use reasonable endeavours to resolve the matter as soon as practicable.
- (4) If, after review under subrule (3), AEMO considers that a final statement or a revised statement contains an error or discrepancy, AEMO must notify all facility operators whose statements will be affected by the error or discrepancy and make a revised statement available under rule 670 to correct the error or discrepancy.
- (5) Any dispute 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 90 business days after the date on which AEMO made that statement available to the facility operator.

670 Revised statements

- (1) AEMO may make a revised statement available to a facility operator as part of its usual settlement administration arrangements or if AEMO otherwise considers there is a reasonable need to do so.
- (2) AEMO must make a revised statement available to a facility operator within 5 business days:
 - (a) if 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 statement;
or

- (b) to correct an amount in a final statement or a revised statement arising in connection with an error or discrepancy in settlement information used for the final statement.
- (3) A revised statement must set out:
- (a) the amount payable by the facility operator to AEMO or, subject to rule 672, the amount payable by AEMO to the facility operator; and
 - (b) the adjustment being made by the revised statement 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 statement to which the adjustment relates and ending on the payment date applicable to the revised statement but taking into account any adjustments previously made as a result of an earlier revised statement for the same billing period.

671 Revised statement payment date

- (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 the 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 the revised statement is made available, AEMO must require payment of the adjustment under the revised statement to be made on the final statement payment date following the next final statement payment date.

672 Payment of final and revised statements

- (1) No later than 2:00 pm on the final statement 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 for the billing period or revised statement payable on that date if at that time the maximum total payment to facility operators under this Division as provided for under rule 673 is not less than the aggregate of those amounts.
- (2) If the maximum total payment to facility operators under this Division as at 2:00 pm on the final statement payment date is less than the aggregate of the amounts stated to be payable to facility operators in final statements and revised statements, AEMO must pay to each facility operator the reduced amount determined in accordance with the Capacity Transfer and Auction Procedures as provided for under rule 673 by 4:00 pm on the same date.
- (3) If AEMO receives payments in respect of amounts due to AEMO and used to calculate the maximum total payment after 2:00 pm on the final statement payment date, AEMO must as soon as reasonably practicable, pay to those facility

operators whose settlement amounts were reduced under subrule (2) a share of the payment received in accordance with the Capacity Transfer and Auction Procedures in the proportions in which those amounts were reduced.

- (4) If in a billing period an amount is payable by a facility operator to AEMO under a final statement or a revised statement, then no later than 12 noon on the payment date under subrule (1), the facility operator must pay in cleared funds the amount stated to be payable to AEMO by the facility operator to AEMO in the relevant statement, whether or not the facility operator disputes the amount payable.
- (5) If on a final statement payment date an amount is due for payment under this rule by AEMO to a facility operator and by the facility operator to AEMO, AEMO may set off the amount payable by the facility operator against the amount payable by AEMO and pay a single net amount.

673 Maximum total payment in respect of a billing period

- (1) AEMO must specify in the Capacity Transfer and Auction Procedures a methodology for determining:
 - (a) the maximum total payment in respect of a period to:
 - (i) facility operators under this Division;
 - (ii) facility operators for the purposes of rule 639; and
 - (iii) a party to the exchange agreement or an auction agreement;
 - (b) the reduction to be applied to any of the payments referred to in paragraph (a) if there is a shortfall between the maximum total payment in respect of a period and the amount that has been paid to AEMO or which AEMO is able to recover under credit support in respect of the period under the exchange agreement or an auction agreement (net of the amounts referred to in subrule (3)); and
 - (c) the amount to be paid to a person whose payment has been reduced, where AEMO subsequently receives payment in respect of a shortfall amount.
- (2) The methodology under subrule (1) must determine the maximum total payment under each instrument referred to in subrule (1)(a) and allocate any shortfall (net of the amounts referred to in subrule (3)) in a fair and reasonable manner, taking into account the effect of the netting of amounts owed under an auction agreement and amounts owed under the exchange agreement in respect of an auction participant that is also a gas trading exchange member.
- (3) The methodology under subrule (1) may provide for any payment received by AEMO from an auction participant or gas trading exchange member in respect of a billing period to be taken to be made, and applied by AEMO, in satisfaction of the auction fees or exchange fees payable to AEMO by that person before it is applied by AEMO in satisfaction of any other obligation or liability or the calculation of the reduction to any payment.

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.
- (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.

Schedule 10 Amendment to the National Gas Rules

(Clause 12)

[1] New Part 26 Standard market timetable

After Part 25, insert:

Part 26 Standard market timetable

676 Application of this Part

- (1) This Part provides for a 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:

auction facility has the meaning given in Part 25.

auction service nomination cut-off time has the meaning given in rule 678(3).

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.

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; or
- (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 for the purposes of 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, including variation to a deemed or default day-ahead nomination.

standard gas day has the meaning given in rule 678(1).

standard nomination cut-off time has the meaning given 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, at or between which the person intends to use 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).
- (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 rules 593(2) and (3) 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) The **auction service nomination cut-off time** is 6:45 pm on the gas day immediately preceding the gas day to which the nomination relates.

- (4) Subject to subrule (7), a facility operator for a natural gas facility must use the standard gas day for the nomination, scheduling and provision of services provided by means of the natural gas facility.
- (5) Subject to subrules (6) and (7), a facility operator for a Part 24 facility must use the standard nomination cut-off time for day-ahead nominations for services provided by means of the facility.
- (6) Subject to subrule (7), a facility operator for an auction facility must:
 - (a) use the standard nomination cut-off time for day-ahead nominations for services (other than auction services) provided by means of the auction facility; and
 - (b) use the auction service nomination cut-off time for day-ahead nominations for auction services provided by means of the auction facility.
- (7) Nothing in subrule (4), (5) or (6) prevents a facility operator:
 - (a) providing for the nomination, scheduling or provision of a service provided by means of a natural gas facility over periods shorter than a standard gas day, where the first such period starts at the start of the standard gas day and the last such period ends at the end of the standard gas day;
 - (b) subject to the rules and the Capacity Transfer and Auction Procedures, extending the standard nomination cut-off time or the auction service 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.
- (8) 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 (9) 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 start of the standard gas day and the last such period ends at the end of the standard gas day.
- (9) The circumstances referred to in subrule (8) 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 11 Amendment to the National Gas Rules

(Clause 13)

[1] Schedule 5 Transitional provisions for the introduction of the capacity trading reforms

After Schedule 4, insert:

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 294DA of the *NGL*.

existing BB allocation agent means a person who is or becomes a BB allocation agent for an existing BB allocation point during the transition period.

existing BB allocation point means:

- (a) a service point for a Part 24 facility which is registered under Part 24 at any time during the transition period; and
- (b) a system injection point and system withdrawal point (each as defined in Part 19) for which an Allocation Agent (as defined in Part 19) is appointed under Part 19 at any time before or during the transition period,

excluding, in each case, a point at which the allocation of deliveries or receipts of natural gas is determined under the Retail Market Procedures and existing NT BB allocation points.

existing NT BB allocation point means a service point for a Part 24 facility which is a BB facility in the Northern Territory commissioned on or before the NT application 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;
- (b) is not a remote pipeline for the purposes of the new remote pipeline definition; and
- (c) meets the reporting threshold.

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 rule 195A means rule 195A as will be in force immediately after the commencement date.

new rule 195B means rule 195B 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.

new Subdivision 5.8 means Subdivision 5.8 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 4 of this Schedule.

transition period means the period from the commencement date to the capacity auction start date.

- (2) Unless modified or otherwise defined under this Part, terms used in this Part have the same meaning as in new Part 18.

2 Commencement of capacity auction reporting obligations

- (1) During the transition period, new Subdivision 5.7 does not apply.
- (2) During the transition period, new rule 195B does not apply.

3 Commencement of capacity transaction reporting obligations

- (1) During the transition period, new Subdivision 5.8 does not apply.
- (2) New Subdivision 5.8 does not apply to a BB capacity transaction with a trade date before the capacity auction start date.
- (3) New Subdivision 5.8 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 the NT application date.
- (4) During the transition period, new rule 195A does not apply.

4 Allocation agents and allocation points on the commencement date

- (1) For the purposes of new rule 158A(2), a person who determines, in respect of an existing BB allocation point, the allocation of deliveries or receipts of natural gas among users of the existing BB allocation point, is taken to have become a BB allocation agent for the existing BB allocation point as follows:
 - (a) in the case of a service point for a Part 24 facility, on the date registration of the relevant Part 24 facility under Part 24 takes effect; and
 - (b) in the case of a system injection point or system withdrawal point (each as defined in Part 19), on the Part 24 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 as follows:
 - (a) in the case of a service point for a Part 24 facility, on the date registration of the relevant Part 24 facility under Part 24 takes effect; and
 - (b) in the case of a system injection point or system withdrawal point (each as defined in Part 19), on the Part 24 commencement date.

5 Existing NT BB allocation points

- (1) For the purposes of new rule 158A(2), a person who determines, in respect of an existing NT BB allocation point, the allocation of deliveries or receipts of natural gas among users of the existing NT BB allocation point, is taken to have become a BB allocation agent for the existing NT BB allocation point on the NT application date.
- (2) For the purposes of new rule 158B(2), an existing NT BB allocation point is taken to have become an NT BB allocation point on the NT application date.

6 Former remote pipelines

Where an application for registration under new Part 18 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 under new Part 18 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 new 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.

exempt transportation facility has the meaning given in new Part 24, as affected by rule 4 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.

interconnector commissioning date means the date referred to in new rule 610(3).

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(1) means rule 619(1) 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(3) means rule 627(3) as will be in force immediately after the Part 24 commencement date.

new rule 635 means rule 635 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 638(4) means rule 638(4) 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.

new rule 640(1) means rule 640(1) as will be in force immediately after the Part 24 commencement date.

new rule 640(2) means rule 640(2) as will be in force immediately after the Part 24 commencement date.

new Subdivision 5.1 means Subdivision 5.1 of Part 5 of new Part 24 as will be in force immediately after the Part 24 commencement date.

Part 24 commencement date means the date for commencement of new Part 24 specified by the Minister under section 294DA 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 or otherwise defined under this Part, terms used in this Part have the same meaning as in new Part 24.

2 Code amendments

- (1) Subject to subrule (2), for the purposes of new rule 605(6), the date specified by the AER as the date on which an amendment 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 specified in subrule (1) as the date on which an amendment to the Code takes effect if the AER considers that the amendment 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 amendment 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) During the Part 24 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, rule 5 and the definition of existing auction facility in Part 4 of this Schedule, for so long as the transitional Part 24 exemption continues.
- (2) 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 the transportation facility or a part of the 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.
- (3) A transitional Part 24 exemption may be granted subject to any conditions determined by the AER.
- (4) A transportation service provider for a transportation facility for which a transitional Part 24 exemption has been granted must comply with any conditions of the exemption.
- (5) A transitional Part 24 exemption takes effect on a date specified by the AER in the exemption and 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 granted under new Part 24 by the AER for the transportation facility (or part) that is the subject of the transitional Part 24 exemption; and
 - (c) the day after the capacity auction start date.

- (6) 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.
- (7) This rule expires on the day after the capacity auction start date.

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:
 - (a) unless paragraph (b) applies to the existing transportation facility, the Part 24 commencement date; and
 - (b) if the existing transportation facility is or becomes an exempt transportation facility before the date falling 20 business days after the Part 24 commencement date, the date determined in accordance with new Part 24 as amended from time to time.
- (2) Subject to subrule (3):
 - (a) new rule 619(2) does not apply in relation to an existing transportation facility; and
 - (b) an application under new rule 619(1) in relation to an existing transportation facility must be made no later than 20 business days after 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 the application date for the existing transportation facility (if any) is determined in accordance with new 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(3) when making and publishing the initial transportation service point register.

7 Review of Standard OTSAs and Standardisation Costs and Charges

- (1) The AER must review and report on compliance with new Subdivision 5.1 (excluding new rule 635) and may consult as it considers appropriate in relation to the review.

- (2) The report under subrule (1) must:
 - (a) be conducted in relation to standard OTSAs published or required to be published within the period ending 9 months after the Part 24 commencement date and may consider compliance in relation to operational transportation service agreements for conditionally exempt facilities made in that period; and
 - (b) be issued within 12 months of the capacity auction start date.
- (3) The AER may, by publishing a notice, extend the time in subrule (2) if further time is required for the review having regard to the issues identified in the review.
- (4) For the purposes of the review under subrule (1), the AER may by notice under this subrule require a transportation service provider to appoint an independent and suitably qualified auditor to:
 - (a) conduct an independent audit of the standardisation costs of the transportation service provider in accordance with any accounting or audit standards specified by the AER; and
 - (b) prepare and provide to the AER a report in which the results of the audit are set out.
- (5) A transportation service provider given a notice under subrule (4) must comply with the notice.
- (6) Nothing in this rule limits the powers of the AER under the *NGL* or the rules.

8 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.
- (3) New rule 638(4) does not apply to a Part 24 facility that is an existing transportation facility.
- (4) For the purposes of new rule 638, the CTP application date for a Part 24 facility that is an existing transportation facility is the capacity auction start date.

9 Amendment to facility agreements

- (1) A transportation service provider for a Part 24 facility or a conditionally exempt facility in receipt of a request made by a transportation facility user during the Part 24 transition period under new rule 640(1) must give the person making the request and each other party to the agreement an amending agreement that complies with new rule 640(2) within 45 business days of the request.
- (2) The 30 business day period in new rule 640(1) does not apply to a request under new rule 640(1) to which the 45 business day period in subrule (1) applies.

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 a transportation facility commissioned on or before the capacity auction start date that is not an exempt facility on the capacity auction start date.

new Part 24 has the meaning given in Part 3 of this Schedule.

new Part 25 means Part 25 as will be in force immediately after the Part 25 commencement date.

new rule 648(3) means rule 648(3) as will be in force immediately after the Part 25 commencement date.

new rule 653(1) means rule 653(1) 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(5) means rule 666(5) as will be in force immediately after the Part 25 commencement date.

Part 25 commencement date means the date for commencement of new Part 25 specified by the Minister under section 294DA of the *NGL*.

service term means, in relation to a transportation service supplied under a primary facility agreement, the period during which the transportation service will or may be supplied as specified in or determined under the primary facility agreement; but disregarding any extension to the service term pursuant to an agreement made on or after 19 March 2018.

standard firm has the meaning given in rule 3.

transitional firm quantity has the meaning given in rule 3.

transitional firm service means a transportation service that is classified by the facility operator as a transitional firm service applying the criteria in rule 4(1) and for which, at that time:

- (a) a notice has been given to the AER in accordance with rule 5(1); and
- (b) the AER has not rejected the classification under rule 5(4) or revoked the classification under rule 7,

but only during the service term and for the maximum daily quantity specified in the transitional firm service specification as notified to the AER.

transitional firm service specification means, for a transitional firm service:

- (a) the auction facility by means of which the service is provided;
- (b) the facility operator for the auction facility;
- (c) the transportation facility user to whom the service is provided;
- (d) the market generating unit in respect of which the service is provided;
- (e) the service term for the service; and
- (f) a maximum daily quantity (in GJ/day) applicable to the service under the facility agreement or if the facility agreement does not specify a maximum daily quantity for the service, determined by some other reasonable means and in each case disregarding any increase to the maximum daily quantity arising out of an event or circumstance occurring on or after 19 March 2018.

transitional firm service 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.

- (2) Unless modified or otherwise defined under this Part, 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 Transitional firm services

- (1) During the transitional firm service transition period:
- (a) the definition of firm in new Part 25 does not apply for the purposes of new Part 25 (but does apply for the purpose of new Part 24);
 - (b) subject to paragraph (c), the definitions of firm, standard firm and transitional firm quantity in subrule (2) apply for the purposes of new Part 25; and
 - (c) for the purposes of classifying services under new rule 648(3), a reference to a firm service is taken to be a reference to a standard firm service.

- (2) The definitions referred to in subrule (1)(b) are:

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

- (a) transportation capacity for use of the transportation service on the gas day is reserved capacity;
- (b) in normal operating conditions, and even if the relevant transportation facility is fully contracted for the gas day on a firm basis, to the extent consistent with accepted good industry practice:
 - (i) nominations made by another transportation facility user do not affect the quantity of reserved capacity or the scheduling of a nomination for use of the reserved capacity; and
 - (ii) 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 be scheduled for the quantity nominated,

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, compression service and park service respectively that is standard firm as provided for in this definition.

Auction services sold in the capacity auction are not standard firm within the meaning of this definition.

transitional firm quantity means, in relation to a quantity of natural gas and a gas day, the facility operator has classified the quantity of natural gas as a transitional firm quantity in accordance with and subject to rule 4(3).

- (3) To avoid doubt, a term used in any of the definitions in subrule (2) has the meaning given in new Part 25 unless otherwise defined in this Part.

4 Classification of transitional firm services and transitional firm quantities

- (1) The criteria for classification of a transportation service as a transitional firm service are that:
- (a) the transportation service is not a standard firm transportation service or an auction service;
 - (b) the transportation service is used for the supply of natural gas for consumption by a market generating unit;
 - (c) the terms and conditions for use of the transportation service are set out in a primary facility agreement made on or before 19 March 2018 and are the same, or substantially the same, as the terms and conditions in force on that date;
 - (d) for each gas day in the service term that falls in the transitional firm service transition period, the contractual right to use the transportation service on that gas day under the primary facility agreement referred to in paragraph (c):
 - (i) was in effect under the primary facility agreement on or before 19 March 2018; or
 - (ii) is conditional only on the exercise of an option under the primary facility agreement to acquire the right where the option was acquired on or before 19 March 2018;
 - (e) under the terms and conditions for use of the transportation service, to the extent a nomination for use of the transportation 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 affect the scheduled quantity; and

Note:

An example may be a service described in the natural gas industry as “as available” or “authorised overrun” (or services equivalent in nature to such services) where that service is treated as firm once scheduled.

- (f) at least one service point for the transportation service is either:
 - (i) a service point on a pipeline by means of which the transportation service is provided at which gas is supplied for consumption by a market generating unit; or
 - (ii) a service point at which gas is received onto a second transportation facility for transportation using a transitional firm service to a point on the second transportation facility, or a subsequent transportation facility, at which gas is supplied for consumption by a market generating unit.
- (2) A facility operator may classify a transportation service provided by means of the facility operator’s auction facility as a transitional firm service only where:
 - (a) all the criteria for classification in subrule (1) are satisfied in relation to the transportation service;
 - (b) notice has been given to the AER in accordance with rule 5(1) in relation to the transportation service of the facility operator’s intention to classify the service under this rule; and
 - (c) the AER has not rejected the classification under rule 5(4) or revoked the classification under rule 7.
- (3) A facility operator may, in relation to a quantity of natural gas and a gas day, classify the quantity as a transitional firm quantity for the gas day only where:
 - (a) the natural gas is nominated (including by renomination) for transportation using a transitional firm service;
 - (b) the gas day is in the service term for the transitional firm service;
 - (c) the quantity is equal to or less than the maximum daily quantity specified for the transitional firm service in the transitional firm service specification; and
 - (d) the facility operator is reasonably satisfied at the time it makes the classification that the quantity to be transported is either:
 - (i) to be withdrawn on the gas day at a pipeline service point solely for consumption by a market generating unit at that service point; or
 - (ii) to be transported to another transportation facility from which it will be withdrawn on the gas day at a pipeline service point solely for consumption by a market generating unit.

- (4) For the purposes of subrule (3)(d), the facility operator may rely on information provided to it by the person making the nomination or another facility operator, where it is reasonable for the facility operator to do so.
- (5) A facility operator must make and maintain a record of the matters relied on by the facility operator for the purposes of subrule (3)(d) and must if requested by the AER provide the record to the AER.
- (6) If a facility operator becomes aware that any part of a quantity of natural gas previously classified as a transitional firm quantity no longer satisfies the criteria in subrule (3), it must, to the extent operationally and technically feasible, take that into account in scheduling and curtailment in accordance with the auction service priority principles and for the determination of auction quantity limits.

5 Notice to the AER about classification of a service

- (1) A facility operator who intends to classify a transportation service provided by means of the facility operator's auction facility as a transitional firm service must give notice to the AER under this subrule no later than 30 business days before the facility operator first classifies any quantity of gas transported using the service as a transitional firm quantity. The notice under this subrule must:
 - (a) contain the transitional firm service specification;
 - (b) include a copy of the agreement or agreements containing the terms and conditions on which the transportation service is provided (including any amendments);
 - (c) contain an assessment of the transportation service against each classification criterion in rule 4(1) with reference to the terms of the agreement or other information relied on for the assessment; and
 - (d) include any other information or documentation reasonably required by the AER for the purposes of this subrule from time to time.
- (2) If the AER requests further information about a transportation service in connection with a notice under subrule (1), the facility operator must provide the information to the AER as soon as practicable and within the time specified in the request, which must not be shorter than 10 business days after the request.
- (3) A facility operator who gives a notice under subrule (1) must, if required by the AER by notice to the facility operator under this subrule, procure and provide to the AER within a reasonable time specified by the AER an opinion addressed to the AER and on which the AER may rely and which must:
 - (a) be given by a person engaged by the facility operator and approved by the AER who:
 - (i) has the qualifications and experience to make the assessment referred to in paragraph (e) and give the opinion; and

- (ii) must not be an employee of the facility operator or any of its associates but may be one of the facility operator's usual advisors or auditors;
 - (b) list the information and documentation relied on for the purposes of the opinion;
 - (c) set out any assumptions made for the purposes of the opinion and any qualifications to the opinion;
 - (d) confirm the transitional firm service specification is accurate having regard to the matters in paragraph (b) or (c); and
 - (e) contain an assessment of the transportation service against each classification criterion in rule 4(1) and an opinion as to whether the classification criterion is satisfied in relation to the transportation service, and may contain any other matters relevant to the opinion.
- (4) If the AER is not satisfied that a transportation service the subject of a notice under subrule (1) satisfies the classification criteria in rule 4(1), the AER may by notice to the facility operator reject the classification. If a notice is given under this rule, the facility operator must not classify the transportation service as a transitional firm service.
- (5) If the AER does not give a notice under subrule (4) within 30 business days of the notice under subrule (1), the facility operator may classify the relevant transportation service as a transitional firm service and may continue to do so unless the AER rejects the classification under subrule (4) or revokes the classification under rule 7. The rejection or revocation takes effect at the time specified by the AER, which must not be earlier than the time the AER's decision is notified to the facility operator.

6 Facility agreement amendment

- (1) A facility operator who has classified a transportation service as a transitional firm service must, within 5 business days after varying the facility agreement under which the transitional firm service is provided, give the AER written notice of the variation and if the variation is material, include a further notice to the AER updating the notice provided under rule 5(1).
- (2) For the purposes of subrule (1) a variation to a facility agreement is material if the relevant transitional firm service specification is no longer accurate.

7 Revocation of classification

- (1) The AER may revoke the classification of a transportation service as a transitional firm service if:

- (a) the AER is not satisfied that the criteria for classification in rule 4(1) are satisfied in relation to the transportation service (including by reason of a variation to a facility agreement); or
 - (b) information provided to the AER under rule 5 or 6 was inaccurate or misleading in a material respect.
- (2) If the AER proposes to revoke a classification under subrule (1), it must notify the facility operator and invite the facility operator to make submissions about the proposed revocation within 10 business days of the notice.
 - (3) If a facility operator given a notice under subrule (2) 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 revoke the classification.
 - (4) If the AER revokes a classification it must give the facility operator written reasons for its decision.

8 Audit of transitional firm quantities

- (1) The AER may review the classification of transportation services as transitional firm services or the classification of quantities of gas as transitional firm quantities.
- (2) For the purposes of the review under subrule (1), the AER may by notice require a facility operator or a transportation facility user provided with a transitional firm service to appoint an independent and suitably qualified auditor to:
 - (a) conduct an independent audit of quantities classified as transitional firm quantities having regard to the requirements for classification in this Part and in accordance with any audit standards specified by the AER; and
 - (b) prepare and provide to the AER a report in which the results of the audit are set out.
- (3) A facility operator or a transportation facility user given a notice under subrule (2) must comply with the notice.
- (4) Nothing in this rule limits the powers of the AER under the *NGL* or the rules.

9 Confidentiality and costs

- (1) Information provided to the AER under rule 4, 5, 6, 7 or 8 is taken to have been provided to the AER in confidence.
- (2) The costs incurred by a facility operator under rule 4, 5, 6, 7 or 8 must not be included in the calculation of standardisation costs, as that term is defined in new Part 24.

10 Information to be given to AEMO about transitional firm services and quantities

- (1) A facility operator for an auction facility must provide to AEMO in accordance with the Capacity Transfer and Auction Procedures, for publication by AEMO on the Natural Gas Services Bulletin Board, information about whether any transportation service for the transportation facility is classified as a transitional firm service and must keep that information up to date. To avoid doubt, this subrule does not require any information about the transitional firm service or the transitional firm service specification to be provided to, or published by, AEMO.
- (2) For the purposes of new rule 653(1), a facility operator for an auction facility must, for each day on and from which the auction facility becomes subject to the capacity auction, provide to AEMO in accordance with the Capacity Transfer and Auction Procedures, information to identify the transitional firm quantity used in the calculation of the auction quantity limits for the gas day aggregated by service point and the service points to which the quantity relates.
- (3) For each gas day D, AEMO must publish on the Natural Gas Services Bulletin Board on gas day D+1, for each auction facility, the aggregate transitional firm quantity used in the calculation of the auction quantity limits for the auction facility.

11 Facility operator nomination and scheduling records

- (1) New rule 665(1) does not apply during the 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) The guidelines made under subrule (2) and any subsequent guidelines under new rule 665(3) applicable during the transitional firm service transition period must provide for the separate identification of:
 - (a) each transitional firm quantity and the market generating unit in respect of which the transitional firm quantity was supplied; and
 - (b) any renomination for use of a transitional firm service after the nomination cut-off time for the transitional firm service that reduced the transitional firm quantity or resulted in any part of the transitional firm quantity used in the calculation of an auction quantity limit being supplied other than:
 - (i) for consumption by a market generating unit; or
 - (ii) another transportation facility for onward transportation for consumption by a market generating unit.
- (4) The AER is not required to comply with the *standard consultative procedure* in developing the initial guidelines under new rule 665(3).

12 Renomination records

- (1) New rule 666(1) does not apply during the auction transition period.
- (2) The AER must develop and publish the initial guidelines under new rule 666(5) 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 new rule 666(5).

Part 5 Transitional arrangements for reporting by compression service facilities

1 Definitions and interpretation

- (1) In this Part:

auction service curtailment information means for an auction service provided by means of an auction facility for a gas day, the curtailed quantity for that gas day for all transportation capacity sold in the capacity auction for use of the auction service on that gas day.

BB information standard has the meaning given in new Part 18.

capacity auction start date has the meaning given in Part 4 of this Schedule.

compression delivery point has the meaning given in new Part 25.

compression receipt point has the meaning given in new Part 25.

curtailed quantity means for a gas day and a transportation service, the amount (in GJ) by which the scheduled quantity for the transportation service for the gas day is less than the nomination for use of that transportation service on that gas day, but not including any part of a nomination not included in the scheduled quantity because it exceeds the quantity of transportation capacity held by the person making the nomination.

curtailment has the meaning given in new Part 24.

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 reporting entity 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 Capacity Transfer and 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 given in new Part 24.

new Part 18 has the meaning given in Part 2 of this Schedule.

new Part 24 has the meaning given in Part 3 of this Schedule.

new Part 25 means Part 25 as will be in force immediately after the Part 25 commencement date.

Part 25 commencement date means the date for commencement of new Part 25 specified by the Minister under section 294DA of the *NGL*.

primary compression capacity means firm capacity on a transitional compression facility that is sold by a transportation service provider to a transportation facility user, giving the buyer the right to an agreed quantity of capacity of that transitional compression facility for an agreed period.

reporting entity means the person registered with AEMO under new Part 24 as the facility operator for the transitional compression facility from time to time.

short term capacity outlook means, on any gas day, the reporting entity'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 service 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 transportation service provider for a transitional compression facility has available for sale or that it will have available for sale.

- (2) Unless modified or defined under this Part, terms used in this Part have the same meaning as in new Part 25.
- (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 reporting entity, a reference to "its" transitional compression facility is a reference to each transitional compression facility for which it is registered as the facility operator under new Part 24.
- (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

This Part applies to a reporting entity in relation to a transitional compression facility 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 BB information standard.
- (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 Capacity Transfer and Auction Procedures.
- (3) A reporting entity required by a provision of this Part or the Capacity Transfer and 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 BB information standard.
- (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.

- (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 transitional compression 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;
 - (b) the nameplate rating of each compression receipt point and compression delivery point for each of its transitional compression facilities; and
 - (c) 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 12 month outlook of uncontracted primary compression capacity

- (1) A reporting entity must provide to AEMO, for each of its transitional compression facilities, an outlook of uncontracted primary compression capacity on the transitional compression facility for each of the next 12 months.
- (2) The reporting entity must provide the information specified in subrule (1) to AEMO each month, by the date determined under the Capacity Transfer and Auction Procedures.

9 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 Transfer and Auction Procedures permit the reporting entity to rely on an exemption or 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.

10 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 Transfer and Auction Procedures permit the reporting entity to rely on an exemption or 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.

11 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 or 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 Transfer and Auction Procedures permit the reporting entity to rely on an exemption or 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.

12 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 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.

13 Auction service curtailment

- (1) This rule does not apply until the capacity auction start date.
- (2) A reporting entity for a transitional compression facility must provide to AEMO the following information if an auction service provided by its transitional compression facility is subject to curtailment in respect of a gas day, including curtailment due to a renomination:
 - (a) notice of the curtailment and the gas day and auction service affected;

- (b) a brief description of the cause of the curtailment; and
 - (c) whether the curtailed quantity for the auction service and gas day is material.
- (3) The information referred to in subrule (2) must be provided to AEMO as soon as practicable after the reporting entity becomes aware of the circumstances giving rise to the curtailment.
 - (4) A reporting entity must update the information provided under subrule (2)(b) or (c) for its transitional compression facility if the information is no longer accurate, including due to circumstances resulting in additional curtailment of the auction service for the gas day.
 - (5) For the purposes of this rule, a curtailed quantity is material for a gas day and auction service if it is more than 10% of the quantity of transportation capacity sold in the capacity auction for use of the auction service on the gas day.

14 Daily auction service curtailment information

- (1) This rule does not apply until the capacity auction start date.
- (2) Each gas day D, a reporting entity must provide to AEMO the auction service curtailment information for each auction service provided by means of any of its transitional compression facilities for gas day D-1.
- (3) A reporting entity must update the information it has provided to AEMO under subrule (2) if the information is no longer accurate.

15 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 new Part 18.

Part 6 Transitional arrangements for the standard market timetable

1 Definitions

- (1) In this Part:

change in law amendment provision means a provision in an old gas day contract that applies to the negotiation of amendments to the old gas day contract in connection with a change in law (however described in the contract) and includes any relevant contractual provisions for dispute resolution that apply to the negotiation of such amendments.

connected facility means a facility that is not a Part 26 facility but is connected to a Part 26 facility.

expert determination rules means the expert determination rules of the Resolution Institute ABN 69 008 651 232 (or its successor body) in the form those expert determination rules take at the time the relevant dispute is referred for determination.

gas market means each regulated gas market, the gas trading exchange established under Part 22 and the capacity auction established under Part 25.

new Part 26 means Part 26 as will be in force immediately after the Part 26 commencement date.

new rule 678 means rule 678 as will be in force immediately after the Part 26 commencement date.

old gas day contract means a contract entered into before the Part 26 commencement date that uses a gas day or nomination cut-off time for day-ahead nominations that is not the same as the standard gas day or standard nomination cut-off time (as applicable) and that is for:

- (a) the provision of a service provided by means of a Part 26 facility on or after the Part 26 transition date; or
- (b) the supply of gas to a connected facility on or after the Part 26 transition date.

Part 26 commencement date means the date for commencement of new Part 26 specified by the Minister under section 294DA of the *NGL*.

Part 26 facility means a natural gas facility to which Part 26 applies.

Part 26 transition date means 1 October 2019.

Part 26 transition period means the period from the Part 26 commencement date to 6:00 am Australian Eastern Standard Time on 1 October 2019.

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.

relevant dispute means a disagreement or dispute between the parties to an old gas day contract under or in connection with rule 5, including a disagreement or dispute about the amendments to an old gas day contract the subject of negotiations under rule 5(4), whether or not a party to those negotiations has negotiated in good faith.

relevant contractual provisions for dispute resolution means provisions for dispute resolution contained in an old gas day contract.

- (2) Unless modified or otherwise defined under this Part, terms used in this Part have the same meaning as in new Part 26.

2 Use of standard market timetable

- (1) During the Part 26 transition period, new rule 678 does not apply.
- (2) During the Part 26 transition period, a facility operator for a Part 26 facility must take all necessary steps to ensure the standard market timetable is in use in relation to the Part 26 facility in accordance with new rule 678 no later than the standard gas day starting on the Part 26 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) Before publishing the information referred to in subrule (1), AEMO must undertake such consultation as AEMO considers appropriate with the persons referred to in subrule (1) and any other persons AEMO reasonably considers would be affected by the proposed arrangements referred to in subrule (1).
- (3) 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) This rule applies to a facility operator for a Part 26 facility:
 - (a) by means of which services are provided to any person (disregarding for this purpose 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 use of the standard market timetable under new Part 26.
- (2) A facility operator to whom this rule applies must publish and provide to AEMO information about the facility operator's arrangements for its Part 26 facility for the transition to use of 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 Part 26 facility in connection with the person's use of the Part 26 facility;
 - (b) the operator of a Part 26 facility to which its facility is connected; 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 to whom this rule applies must provide to AEMO and publish the information referred to in subrule (2) by the earlier of:
- (a) 20 business days before it implements the use of the standard market timetable; and
 - (b) 30 June 2019,

and may update the information from time to time.

- (4) A facility operator to whom this rule applies 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) for its Part 26 facility 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 Part 26 facility to which its facility is connected; and
 - (b) in gas markets to which its Part 26 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 Part 26 facility.

5 Amendment of old gas day contracts

- (1) If an old gas day contract contains a change in law amendment provision, the change in law amendment provision prevails over this rule to the extent of any inconsistency with this rule.
- (2) A party to an old gas day contract may by notice to the other parties to the contract request:
- (a) amendments to the old gas day contract required to provide for the:
 - (i) gas day used under the contract to be the same as the standard gas day with effect from the Part 26 transition date; and
 - (ii) nomination cut-off time for day-ahead nominations used under the contract to be the same as the standard nomination cut-off time with effect from the Part 26 transition date; and
 - (b) other fair and reasonable amendments consequential on the amendments referred to in paragraph (a),

in each case consistent with the terms of the contract prior to those amendments being made.

- (3) Subrule (2) does not extend to amendments that have the effect of depriving a person of a contractual right in an old gas day contract to be:
 - (a) supplied with a certain amount of goods or services under the contract; or
 - (b) paid for goods and services supplied under the contract.
- (4) If a party to an old gas day contract makes a request under subrule (2), the parties to the old gas day contract must negotiate in good faith for the purposes of agreeing the amendments.
- (5) Once the amendments referred to in subrule (4) have been agreed, the parties to the old gas day contract must execute an agreement giving effect to the amendments as soon as is reasonably practicable.
- (6) If there is a relevant dispute between the parties to an old gas day contract:
 - (a) the relevant dispute must be resolved in accordance with the relevant contractual provisions for dispute resolution, insofar as those provisions apply to the relevant dispute of their own force and effect; and
 - (b) if the relevant contractual provisions for dispute resolution do not apply to the relevant dispute, each party to the old gas day contract is taken to have agreed (as a term of the old gas day contract) to refer the relevant dispute for determination by an expert under the expert determination rules.

[END OF RULE AS MADE]