

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.