

## 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.