



National Gas Amendment (ECGS Supplier of Last Resort) Rule 2026 No. 5

The Australian Energy Market Commission makes the following Rule under the National Gas Law to the extent applied by:

- (a) the *National Gas (South Australia) Act 2008* of South Australia;
- (b) the *National Gas (ACT) Act 2008* of the Australian Capital Territory;
- (c) the *National Gas (New South Wales) Act 2008* of New South Wales;
- (d) the *National Gas (Queensland) Act 2008* of Queensland;
- (e) the *National Gas (Tasmania) Act 2008* of Tasmania;
- (f) the *National Gas (Victoria) Act 2008* of Victoria;
- (g) the *National Gas (Northern Territory) Act 2008* of the Northern Territory; and
- (h) the *Australian Energy Market Act 2004* of the Commonwealth.

Anna Collyer
Chairperson
Australian Energy Market Commission

National Gas Amendment (ECGS Supplier of Last Resort) Rule 2026 No. 5

1 Title of Rule

This Rule is the *National Gas Amendment (ECGS Supplier of Last Resort) Rule 2026 No. 5*.

2 Commencement

Schedule 1 of this Rule commences operation on 16 July 2026, immediately after the commencement of Schedule 2 of the *National Gas Amendment (ECGS Projected assessment of system adequacy) Rule 2026*.

Schedule 2 of this Rule commences operation on 1 April 2027, immediately after the commencement of Schedule 1 of the *National Gas Amendment (ECGS Enhancing reliability and supply adequacy arrangements) Rule 2026*.

3 Amendment to the Transitional Provisions of the National Gas Rules

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

4 Amendment to the National Gas Rules

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

**Schedule 1 Amendment to the Transitional Provisions of
the National Gas Rules**

(Clause 3)

**[1] Division 5 Transitional provisions consequent on
the National Gas Amendment (ECGS
Supplier of Last Resort) Rule 2026 No. 5**

After Division 4 of Part 22 of Schedule 1, insert:

**Division 5 Transitional provisions consequent on the
National Gas Amendment (ECGS Supplier of
Last Resort) Rule 2026 No. 5**

135 Definitions

- (1) Unless otherwise specified, terms defined in new Part 27 have the same meaning when used in this Division.
- (2) For the purposes of this Division:

Amending Rule means the *National Gas Amendment (ECGS Supplier of Last Resort) Rule 2026*.

commencement date means the date of commencement of schedule 2 of the Amending Rule, being 1 April 2027.

new Part 27 means Part 27 as in force immediately after the commencement date.

old Part 27 means Part 27 as in force immediately before the commencement date.

trading function has the meaning set out in old Part 27.

**136 Continuation of trading functions being exercised under
old Part 27 at the commencement date**

If at the commencement date AEMO:

- (a) is exercising a trading function under old Part 27; and
- (b) has not yet completed its exercise of the trading function,

then old Part 27 will continue to apply, in so far as it relates to the exercise and completion of the trading function and reporting on the use of the trading function, until AEMO has completed or ceased exercising the trading function.

137 Refunding the trading fund

- (1) Any funds remaining in a trading fund established to exercise a trading function under rule 708 of old Part 27, as at:

- (a) the date by which AEMO has completed the exercise of the trading function, where rule 136 of this Part applies in respect of the trading function; or
 - (b) the commencement date, where rule 136 of this Part does not apply, must be paid or disbursed by AEMO in accordance with subrule (2).
- (2) Payments and disbursements from a trading fund the subject of subrule (1) must be made as follows and in the following order:
- (a) payment of all amounts payable from the trading fund under rules 709(9)(a) to (c) of old Part 27;
 - (b) repayment of any debt facility established by AEMO for the purposes of funding the trading fund; and
 - (c) as refund payments for all contributions made by each relevant entity to that trading fund, in proportion to their respective contributions made under rule 709 of old Part 27 (or as partial refund payments to them in that proportion, where the trading fund balance remaining is insufficient to fund full refund payments).

138 Updates to Procedures and guidelines

- (1) By no later than the commencement date, and subject to subrules (2) and (3), AEMO must:
- (a) make the SoLR Procedures in accordance with new Part 27 (to apply from the commencement date); and
 - (b) review and update all relevant Procedures and guidelines (including the East Coast Gas System Procedures, the gas scheduling procedures defined in Part 19, the STTM Procedures, and guidelines made under section 91AD of the *NGL*),
- to take into account the Amending Rule.
- (2) AEMO must follow the ordinary process set out in rule 135EE, or if applicable the expedited process set out in rule 135EF, in relation to making and amending Procedures under subrule (1).
- (3) AEMO must follow the *standard consultative procedure* set out in rule 8, or if applicable the *expedited consultative procedure* set out in rule 9, in relation to making and amending guidelines under subrule (1).

Schedule 2 Amendment to the National Gas Rules

(Clause 4)

[1] Rule 135C Definitions

In the definition of "east coast gas system reliability costs", after "and supply adequacy functions,", omit "and includes the costs borne by AEMO under rules 706(5) and 709" and substitute "but excludes AEMO SoLR costs as defined in rule 680".

[2] Rule 135CA Development of participant fee structure

In rule 135CA(4)(b)(iia), at the end of the text, omit "and funding the trading fund under Part 27".

[3] Rule 135CF Budgeted revenue requirements

Omit rule 135CF(2)(cc).

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

After rule 135EA(4)(e), insert:

(e1) Supplier of Last Resort gas supply and withdrawals under rule 450A;

[5] Rule 206 Gas scheduling

In the note after subrule (4), at the end of the text, insert "and SoLR service contracts under rule 206A".

[6] Rule 206A Injection and withdrawal of Supplier of Last Resort gas

After rule 206, insert:

206A Injection and withdrawal of Supplier of Last Resort gas

- (1) Subject to subrule (2), where AEMO, acting in its capacity as Supplier of Last Resort, wishes to arrange for a SoLR service supplier to inject or withdraw gas under a SoLR service contract, then AEMO may:
 - (a) include the quantity to be injected or withdrawn in the applicable operating schedule and where applicable, pricing schedule; or
 - (b) use other means available to it to arrange for injection or withdrawal of gas by a SoLR service supplier or sourced from a SoLR service contract.
- (2) AEMO must not include a quantity of gas sourced from a SoLR service contract as an injection or withdrawal of gas in a pricing schedule unless

all available Market Participant bids that would mitigate the tier 3 threat have already been scheduled (but allowing for rounding to whole GJs).

- (3) The gas scheduling procedures must contain procedures relating to the injection and withdrawal of gas by a SoLR service supplier under a SoLR service contract.
- (4) Without limiting subrule (3), the gas scheduling procedures:
 - (a) must explain the steps AEMO will take to ensure that where it proposes to include a quantity of gas sourced from a SoLR service contract as an injection or withdrawal of gas in a pricing schedule or operating schedule, the gas will only be scheduled in accordance with subrule (2);
 - (b) may allow AEMO, acting in its capacity as Supplier of Last Resort, to do any of the following:
 - (i) authorise a SoLR service supplier to use injection bids, withdrawal bids and accreditation as a means by which gas sourced from a SoLR service contract is incorporated into a pricing schedule or an operating schedule; and
 - (ii) impose conditions in relation to the scheduling of gas sourced from a SoLR service contract.
- (5) In this rule each of the following terms has the meanings given in rule 680 of Part 27:
 - (a) SoLR service contract;
 - (b) SoLR service supplier;
 - (c) Supplier of Last Resort; and
 - (d) tier 3 threat.

[7] Division 8 Contingency Gas

In the heading of Division 8, at the end of the text, insert "and Supplier of Last Resort gas".

[8] Subdivision 4 Gas supply and withdrawal when AEMO is acting as Supplier of Last Resort

After rule 450, insert:

Subdivision 4 Gas supply and withdrawal when AEMO is acting as Supplier of Last Resort

450A Supply and withdrawal of Supplier of Last Resort gas

- (1) AEMO may at any time, acting in its capacity as Supplier of Last Resort, arrange for a SoLR service supplier to supply gas to or withdraw gas from a hub for a gas day to address a tier 3 threat, subject to this rule 450A.
- (2) If AEMO arranges for a SoLR service supplier to supply gas to or withdraw gas from a hub for a gas day under subrule (1), it must do so in accordance with the procedures made by AEMO under subrule (3).
- (3) The STTM Procedures must address the manner in which supplies and withdrawals of gas are made by a SoLR service supplier and arranged by AEMO under this rule for a hub for a gas day.
- (4) Without limiting subrule (3), the STTM Procedures may allow AEMO, acting in its capacity as Supplier of Last Resort, to do any of the following:
 - (a) authorise a SoLR service supplier to use a contingency gas bid or a contingency gas offer as a means by which gas sourced from a SoLR service contract is scheduled into a hub; and
 - (b) impose conditions in relation to the scheduling of gas sourced from a SoLR service contract, including the price at which that gas is to be bid or offered, as applicable.
- (5) In this rule each of the following terms has the meaning given in rule 680 of Part 27:
 - (a) SoLR service contract;
 - (b) SoLR service supplier;
 - (c) Supplier of Last Resort; and
 - (d) tier 3 threat.

[9] Rule 680 Interpretation

After the unnumbered paragraph starting with "In this Part:", insert:

activate means, in respect of a SoLR service contract, the exercise by AEMO of any rights or entitlements available to it under the contract in accordance with rule 699J(1).

[10] Rule 680 Interpretation

After the definition of "adequate industry response", insert:

administered demand response means the reduction in consumption of covered gas at a *receipt or delivery point* in response to a request or instruction from AEMO under a SoLR service contract.

AEMO SoLR costs means:

- (a) amounts paid by AEMO under SoLR service contracts; and
- (b) costs and expenses incurred by AEMO in connection with the relinquishment or termination of SoLR service contracts under rules 699K and 699L.

AEMO SoLR proceeds means all amounts paid or credited to, or earned or received by, AEMO acting as the Supplier of Last Resort under Division 4B.

[11] Rule 680 Interpretation

In the definition of "AEMO's other functions ", after "functions other than", omit "a direction or trading function" and substitute "its direction function or AEMO acting as the Supplier of Last Resort".

[12] Rule 680 Interpretation

In the definition of "direction or trading function", at the start of the text, after "direction", omit "or trading".

[13] Rule 680 Interpretation

In the definition of "direction function", omit "means a function" and substitute "means the function".

[14] Rule 680 Interpretation

In the definition of "direction function", after "specified in section 91AD(1)(e)", omit "or (f)".

[15] Rule 680 Interpretation

In the definition of "direction or trading notice", at the start of the text, after "direction", omit "or trading".

[16] Rule 680 Interpretation

In the definition of "direction notice", at the end of the text, omit "697(1)" and substitute "702A(1)".

[17] Rule 680 Interpretation

After the definition of "ECGS information standard", insert:

end of SoLR activation notice means a notice that AEMO has ceased activating a SoLR service contract and which is published by AEMO in accordance with rule 696B(5).

[18] Rule 680 Interpretation

After the definition of "region", insert:

related entity has the same meaning in respect of a relevant entity as the definition of "related entity" in the *Corporations Act 2001* has in respect of a body corporate.

[19] Rule 680 Interpretation

After the definition of "risk or threat tier", insert:

SoLR principles means the principles set out in rule 699A.

SoLR Procedures means:

- (a) the Procedures made by AEMO under rule 699D in relation to the tenders for, establishment and activation of SoLR service contracts;
- (b) any Procedures made by AEMO in relation to the relinquishment of SoLR service contracts under rule 699K(3) and the termination of SoLR service contracts under rule 699L(3); and
- (c) any other procedures made by AEMO under any other rules or subrules in Division 4A, 4B or 7.

SoLR service contract means a contract which AEMO enters into with a person in relation to any one or more of the matters specified in rule 699C in order to address a tier 3 threat.

SoLR service supplier means a person with whom AEMO enters into a SoLR service contract.

Supplier of Last Resort means AEMO exercising the function under section 91AD(1)(f) of the *NGL* in accordance with Divisions 4, 4A and 4B, in order to address a tier 3 threat:

- (a) identified in a risk or threat notice issued under rule 695; and
- (b) for which, in AEMO's opinion, there has not been an adequate industry response and AEMO's other functions would be unavailable or insufficient.

[20] Rule 680 Interpretation

After the definition of "supply shortfall", insert:

tender process rules - see rule 699G.

[21] Rule 680 Interpretation

Omit the definition of "trading function".

[22] Rule 692 AEMO may convene conferences in certain circumstances

In rule 692(1)(c), omit "." and insert "; and".

[23] Rule 692 AEMO may convene conferences in certain circumstances

In rule 692(1), after paragraph (c), insert:

- (d) to obtain information in relation to a potential industry response, and to assess the extent to which it may be available to address a tier 3 threat, and whether AEMO may need to consider tendering for SoLR service contracts to address that threat.

[24] Rule 694A AEMO to assess and classify identified risks or threats

In rule 694A(3), after "a statutory function", insert "(other than its function as Supplier of Last Resort)".

[25] Division 4 Exercise of east coast gas system reliability and supply adequacy functions

In the heading of Division 4, at the start of the text, omit "Exercise" and substitute "Publication and variation of notices relating to the exercise".

[26] Rule 695 Publication of risk or threat notices

In rule 695(3), after "before exercising a statutory function", insert "(other than its function as Supplier of Last Resort)".

[27] Rule 696 Variation or revocation of risk or threat notices

In rule 696(3)(d), after "the risk or threat notice", omit "." and substitute "; or".

[28] Rule 696 Variation or revocation of risk or threat notices

After rule 696(3)(d), insert:

- (e) include the information specified in rule 696B(5).

[29] Rule 696A Notice of latest practicable time for an adequate industry response

In rule 696A(5), after "a statutory function", insert "(other than its function as Supplier of Last Resort)".

[30] Rule 696B Information on AEMO acting as Supplier of Last Resort

After rule 696A, insert:

696B Information on AEMO acting as Supplier of Last Resort

- (1) Subject to subrule (3), AEMO may specify in a notice under rule 696A(1) that AEMO intends to tender for SoLR service contracts in accordance with Division 4B to address the relevant tier 3 threat. The specification must include the following information:
 - (a) the reasons for AEMO establishing SoLR service contracts;
 - (b) the nature and expected magnitude, timing, duration and location of the tier 3 threat;
 - (c) the reasons why AEMO has determined that AEMO's other functions would not be available, or would be insufficient, to address the tier 3 threat;
 - (d) the types of SoLR service contracts AEMO is considering or seeking to establish in order to address the tier 3 threat; and
 - (e) the actions or circumstances AEMO considers would constitute an adequate industry response in relation to the tier 3 threat.

- (2) Subject to subrule (3), AEMO may specify in a notice under rule 696A(3) that AEMO intends to activate SoLR service contracts in accordance with Division 4B to address the relevant tier 3 threat. The specification must include the following information:
 - (a) any updates to the nature, magnitude, timing, duration and location of the tier 3 threat;
 - (b) the reasons why AEMO has determined that AEMO's other functions would not be available, or would be insufficient, to address the tier 3 threat;
 - (c) the types of SoLR service contracts AEMO may activate; and
 - (d) the circumstances that may cause AEMO to activate the SoLR service contracts.

- (3) AEMO may only specify that it intends to tender for SoLR service contracts under subrule (1), or activate SoLR service contracts under subrule (2), if it

has determined that AEMO's other functions would not be available, or would be insufficient, to address the tier 3 threat.

- (4) AEMO must inform the Ministers of relevant participating jurisdictions of:
 - (a) AEMO's intention to tender for SoLR service contracts, prior to or at the same time as publishing the information under subrule (1); and
 - (b) AEMO's intention to activate SoLR service contracts and the expected costs of doing so, prior to or at the same time as publishing the information under subrule (2).
- (5) Upon, or as soon as practicable after, ceasing to activate SoLR service contracts in respect of a tier 3 threat, AEMO must specify this in a notice under rule 696. The specification must include the following information:
 - (a) the circumstances that caused AEMO to activate the SoLR service contracts;
 - (b) for each type of SoLR service contract that AEMO activated:
 - (i) the extent to which it contributed to addressing or mitigating the tier 3 threat; and
 - (ii) the period during which it was activated; and
 - (c) AEMO's planned use for any SoLR service contracts which were not fully utilised in addressing the tier 3 threat including relinquishment under rule 699K or termination under rule 699L.

[31] Rule 697 Publication of direction notices

Omit the text of the heading and substitute "[Deleted]".

[32] Rule 697 [Deleted]

Omit the contents of rule 697.

[33] Rule 698 Publication of post-intervention reports

Omit the text of the heading and substitute "[Deleted]".

[34] Rule 698 [Deleted]

Omit the contents of rule 698.

**[35] Rule 699 Matters AEMO must consider in
determining whether to exercise direction
or trading functions**

Omit the text of the heading and substitute "[Deleted]".

[36] Rule 699 [Deleted]

Omit the contents of rule 699.

[37] Division 4A Supplier of last resort principles and Procedures

After rule 699, insert:

Division 4A Supplier of last resort principles and Procedures

699A Matters AEMO must consider in determining whether to act as Supplier of Last Resort

- (1) AEMO must have regard to the SoLR principles in determining whether (and if so, how) to act as the Supplier of Last Resort.
- (2) The SoLR principles are that AEMO's actions as the Supplier of Last Resort should:
 - (a) be those which AEMO expects, acting reasonably, to have the least distortionary effect on the operation of the east coast gas system;
 - (b) aim to maximise the effectiveness of AEMO's actions to address the threat to the reliability or adequacy of the supply of covered gas within the east coast gas system at the least cost to end users;
 - (c) not result in the contract dollars per gigajoule price payable by AEMO under a SoLR service contract exceeding \$40 per gigajoule, as adjusted under subrule (4) (the **SoLR service price limit**);
 - (d) not result in AEMO SoLR costs less any AEMO SoLR proceeds in a financial year exceeding \$50,000,000, as adjusted under subrule (4) (the **SoLR annual spending limit**);
 - (e) to the extent practicable, be consistent with the *targets statement*; and
 - (f) not compromise safety.
- (3) For the purposes of subrule (2)(c), **contract dollars per gigajoule price** means, in respect of a SoLR service contract, an amount calculated in accordance with the following formula:

$$\frac{X + \sum_s (Y_s \times Z_s)}{\sum_s Z_s}$$

where:

X is the aggregate of all fixed amounts payable by AEMO under the SoLR service contract;

S is a service, as applicable under the SoLR service contract, as follows:

- (a) covered gas supplied under the SoLR service contract, together with any required services relating to that covered gas;
- (b) the reduction in consumption of covered gas under the SoLR service contract, in the case of a contract for or including administered demand response;
- (c) covered gas that is the subject of any other service or services provided by the SoLR service supplier under the SoLR service contract, excluding any covered gas supplied in accordance with paragraph (a).

Y_s is, for a service S listed in paragraph (a), (b) or (c) above, the dollars per gigajoule price payable by AEMO under the SoLR service contract for that service (excluding any amounts paid to the SoLR service supplier pursuant to rules 206A or 450A);

Z_s is, for a service S listed in paragraph (a), (b) or (c) above, the total gigajoule volume of that service that AEMO is entitled to direct the SoLR service supplier to provide under the SoLR service contract (expressed as a positive number);

$\sum_s(Y_s \times Z_s)$ is the aggregate of $(Y_s \times Z_s)$ for all services S listed in each of paragraphs (a), (b) and (c) above, as applicable under the SoLR service contract; and

$\sum_s Z_s$ is the aggregate, in gigajoules, of Z_s for all services S listed in each of paragraphs (a), (b) and (c) above, as applicable under the SoLR service contract.

- (4) The amounts referred to in subrules (2)(c) and (2)(d) must be adjusted each financial year by multiplying the amount by the number determined using the following formula:

$$\frac{CPI_n}{CPI_o}$$

where:

CPI_n is the Consumer Price Index number (All Groups, weighted average of eight capital cities) published by the Australian Bureau of Statistics for the quarter immediately preceding the quarter in which the amount is calculated; and

CPI_o is the Consumer Price Index number (All Groups, weighted average of eight capital cities) published by the Australian Bureau of Statistics for the quarter ending 30 June 2026.

- (5) No later than the commencement of each financial year AEMO must publish the SoLR service price limit and SoLR annual spending limit for that financial year.

- (6) Nothing in this Part limits the exercise of AEMO's functions under these rules in respect of wholesale gas markets.

699B Acting as Supplier of Last Resort at any time and across ECGS

AEMO may act as the Supplier of Last Resort at any time of year in respect of any location in the east coast gas system.

699C SoLR service contracts available to AEMO

For the purposes of this Part, AEMO may enter into one or more contracts, with any one or more persons, for those persons to provide any one or more of the following services:

- (a) the sale or supply of covered gas;
- (b) pipeline services (including transportation, delivery or haulage of covered gas and pipeline capacity related services);
- (c) services provided by a storage provider;
- (d) administered demand response; and
- (e) any other services of the kind referred to in section 91AD(1)(f) of the *NGL*,

in accordance with the Procedures developed under rule 699D.

699D SoLR service contract establishment and activation Procedures

- (1) AEMO must make Procedures governing the establishment and activation of SoLR service contracts in accordance with this Division.
- (2) The SoLR Procedures made by AEMO under subrule (1) must provide for the following matters in connection with the establishment and activation of SoLR service contracts under this Division and Division 4B:
 - (a) any requirements and information AEMO considers necessary to facilitate tendering for or entering into SoLR service contracts with SoLR service suppliers; and
 - (b) the processes and steps required for the establishment and activation of SoLR service contracts under Division 4B, which must not be inconsistent with any provisions in this Part.
- (3) AEMO may amend the SoLR Procedures at any time, subject to following the consultation process set out in rule 135EE.

699E Competitive tender process – objective

When developing and conducting a competitive tender process for SoLR service contracts, and developing the associated tender process rules, AEMO

must take into account the following objective, being that the process is intended to:

- (a) promote competition for the opportunity to enter into a SoLR service contract, including as to the services included in a SoLR service contract and their price; and
- (b) enable AEMO to make an informed decision about which service or combination of services would prevent, reduce or mitigate an identified tier 3 threat.

699F Competitive tender process – eligibility criteria

- (1) When developing and conducting a competitive tender process for SoLR service contracts, AEMO must include and give effect to eligibility criteria that satisfy the requirements of this rule.
- (2) The eligibility criteria must include:
 - (a) criteria for bidders and, where relevant, for their related entities, including with respect to financial and technical capabilities and legal status;
 - (b) service eligibility criteria to ensure that services can provide a solution, within a particular time, to address an identified tier 3 threat; and
 - (c) criteria to ensure that the services sought under SoLR service contracts will be made available in accordance with the requirements of this Part.

699G Tender process rules

AEMO must develop rules for a competitive tender process for SoLR service contracts (**tender process rules**). The tender process rules must:

- (a) allow AEMO to accept one tender, a combination of tenders, or no tender;
- (b) acknowledge that AEMO may cancel the tender process at any time;
- (c) require bidders to provide detailed financial information and to justify the services proposed to be provided under a SoLR service contract;
- (d) require bidders to provide information relating to potential or proposed services provided to other persons and the extent to which this may adversely affect or reduce bidders' capacity or entitlement to provide services to AEMO under a SoLR service contract, including information about the services provided to those other persons, that is relevant to the evaluation of tenders by AEMO;
- (e) include processes and procedures to enable AEMO to conduct a due diligence process in relation to:

- (i) information that is provided as part of a tender;
 - (ii) services proposed to be provided under a SoLR service contract;
 - (iii) the bidder and other entities (if any) associated with the bidder or services proposed to be provided under a SoLR service contract; and
 - (iv) any other matter that is relevant to eligibility or the assessment of bids;
- (f) require bidders to provide their proposed SoLR service contract or contracts, or a term sheet for each proposed SoLR service contract, which may allow different services to be provided on different terms;
- (g) in respect of administered demand response, require bidders to propose how they would address the following matters:
- (i) technical and operational requirements for activating and verifying the quantity of administered demand response at *receipt or delivery points*; and
 - (ii) any other requirements and information AEMO considers bidders should provide in connection with the provision of administered demand response;
- (h) include eligibility criteria developed under rule 699F;
- (i) include assessment criteria, which must be consistent with the SoLR principles, that AEMO will use in determining:
- (i) which SoLR service contracts to establish; and
 - (ii) which services under a SoLR service contract to activate, in order to address or mitigate a tier 3 threat; and
- (j) provide that AEMO may negotiate with any bidder as AEMO may determine or think fit in its absolute discretion.

Division 4B AEMO acting as Supplier of Last Resort

699H AEMO to consider AEMO's other functions

- (1) AEMO must consider whether AEMO's other functions are available to address a tier 3 threat, before AEMO:
 - (a) tenders for SoLR service contracts under rule 699I; and
 - (b) activates SoLR service contracts under rule 699J.
- (2) If AEMO's other functions are identified as available under subrule (1), AEMO may put in place such arrangements as AEMO considers necessary (acting reasonably) to facilitate or give effect to those functions to address

(in full or in part) the tier 3 threat, subject to any applicable restrictions in the *Law* on the use of AEMO's other functions.

699I Tendering for and establishment of SoLR service contracts

- (1) If AEMO issues a notice under rule 696A(1) that specifies, in accordance with rule 696B(1), that it intends to tender for SoLR service contracts under Division 4B, AEMO must as soon as practicable conduct a tender process in accordance with the SoLR Procedures and tender process rules to procure one or more SoLR service contracts, from one or more SoLR service suppliers.
- (2) If, after receiving and assessing tenders in accordance with Division 4A, AEMO determines to enter into one or more SoLR service contracts, it must use all reasonable endeavours to do so on terms and conditions which:
 - (a) are sufficient to address the magnitude, timing and duration of the tier 3 threat specified in the notice;
 - (b) are consistent with the SoLR principles; and
 - (c) allow AEMO to comply with relinquishment and termination obligations under rules 699K and 699L.
- (3) Subject to subrule (4), AEMO must publish the following documents in relation to a competitive tender process:
 - (a) the invitation to tender;
 - (b) the tender process rules; and
 - (c) any form of SoLR service contract issued with the tender process rules.
- (4) AEMO:
 - (a) is not required to publish a document or information under subrule (3) to the extent that the document or information contains or consists of information that AEMO considers should be kept confidential;
 - (b) may restrict who has access to a particular document or information; and
 - (c) may publish such other documents as AEMO thinks fit.

699J Activating SoLR service contracts

- (1) At any time after stating that it intends to activate SoLR service contracts under rule 696B(2), AEMO may exercise any rights or entitlements available to AEMO under any SoLR service contracts it has in place at that time to address or mitigate the tier 3 threat, in accordance with the SoLR principles and the SoLR Procedures.

- (2) To the extent that AEMO is unable to adequately address the threat in accordance with subrule (1) AEMO may issue an east coast gas system direction under this Part.

699K Relinquishment of SoLR service contracts

- (1) If a relevant entity requests AEMO to relinquish to that entity any services, rights or entitlements available to AEMO under a SoLR service contract, AEMO must do so in accordance with any Procedures made by AEMO under subrule (3) and subject to subrule (2).
- (2) Subrule (1) does not require AEMO to relinquish any services, rights or entitlements available to it under a SoLR service contract, to the extent that AEMO:
 - (a) considers that the requested relinquishment may:
 - (i) prejudice or limit AEMO's ability to address a tier 3 threat; or
 - (ii) be inconsistent with the SoLR principles; or
 - (b) is not permitted or entitled to do so under the terms of the SoLR service contract (whether by way of assignment, transfer, novation or other means).
- (3) AEMO may make Procedures to address:
 - (a) SoLR service contract terms and conditions for permitting relinquishment of services, rights and entitlements held by AEMO under SoLR service contracts; and
 - (b) the process and requirements for giving effect to relinquishment under this rule.

699L Termination of AEMO's SoLR service contracts

- (1) If AEMO:
 - (a) has issued an end of SoLR activation notice in respect of a tier 3 threat; or
 - (b) following the establishment of a SoLR service contract in respect of a tier 3 threat, determines that the SoLR service contract is no longer required to address that threat,then AEMO must terminate each SoLR service contract established by AEMO in respect of that threat in accordance with any Procedures made by AEMO under subrule (3) and subject to subrule (2).
- (2) Subrule (1) does not require AEMO to terminate a SoLR service contract if a relevant entity has requested relinquishment and relinquishment is proceeding (or has been completed) in accordance with rule 699K and the Procedures.

- (3) AEMO may make Procedures to address:
 - (a) SoLR service contract terms and conditions permitting AEMO to terminate SoLR service contracts in the circumstances set out in subrule (1); and
 - (b) the process and requirements for terminating SoLR service contracts under this rule.

699M Post-SoLR activation reports

- (1) AEMO must publish on its website an initial report on its actions as the Supplier of Last Resort (an **initial post-SoLR activation report**) within 1 month of issuing an end of SoLR activation notice.
- (2) An initial post-SoLR activation report must contain the following information:
 - (a) a summary of how AEMO acted as the Supplier of Last Resort;
 - (b) AEMO's assessment of the extent to which its actions as the Supplier of Last Resort addressed or mitigated the relevant threat;
 - (c) AEMO's estimated expenditure in acting as the Supplier of Last Resort;
 - (d) how AEMO is applying its cost recovery methodology and process; and
 - (e) any other matters AEMO considers appropriate.
- (3) AEMO must publish on its website a detailed report on its actions as the Supplier of Last Resort (a **detailed post-SoLR activation report**) within 4 months of issuing an end of SoLR activation notice.
- (4) A detailed post-SoLR activation report must include, in relation to the activation of SoLR service contracts:
 - (a) a description of each action AEMO took as the Supplier of Last Resort;
 - (b) details of:
 - (i) the events giving rise to each action as the Supplier of Last Resort;
 - (ii) the contribution (if any) made by AEMO's other statutory functions, and what those measures were;
 - (iii) how AEMO acted as the Supplier of Last Resort, including the types of services that were activated under SoLR service contracts;

- (iv) the extent to which each of those types of services contributed to addressing or mitigating the tier 3 threat; and
- (v) the overall extent to which all of those SoLR service contracts, taken together, addressed or mitigated the tier 3 threat;
- (c) the reasons AEMO acted as the Supplier of Last Resort, including the matters AEMO considered in deciding whether to activate SoLR service contracts;
- (d) AEMO's total expenditure incurred in connection with its actions as the Supplier of Last Resort, including the activation of each SoLR service contract;
- (e) a detailed breakdown of AEMO's final cost recovery and proceeds distribution; and
- (f) any other matters AEMO considers appropriate.

699N AEMO to consult after activating a SoLR service contract for the first time

- (1) This rule applies only once, if and when AEMO activates a SoLR service contract for the first time under this Division 4B.
- (2) AEMO must, within 18 months of the date on which AEMO activates a SoLR service contract for the first time, complete a review of:
 - (a) all SoLR Procedures;
 - (b) the tender process rules; and
 - (c) any other documentation developed by AEMO in relation to its functions as the Supplier of Last Resort.
- (3) The review under subrule (2) must consider:
 - (a) the effectiveness of the SoLR Procedures and any other documentation referred to in subrule (2) as applied in practice;
 - (b) whether any amendments to the SoLR Procedures or any other documentation is necessary or desirable to improve AEMO's functions as Supplier of Last Resort; and
 - (c) any other matters AEMO considers relevant to the effective operation of AEMO's functions as Supplier of Last Resort.
- (4) In conducting the review, AEMO must follow the ordinary process set out in rule 135EE or a more extensive consultation process determined by AEMO. AEMO must publish on its website details of the proposed process prior to undertaking the review in accordance with this rule.

[38] Rule 699O Matters AEMO must consider in determining whether to issue an east coast gas system direction

After the heading for Division 5, insert:

699O Matters AEMO must consider in determining whether to issue an east coast gas system direction

In determining whether to issue an east coast gas system direction, AEMO must, to the extent AEMO considers appropriate given the nature, timing or circumstances of the relevant threat, have regard to the views of affected jurisdictions and the following principles:

- (a) the industry should be given a reasonable period of time to take action to mitigate the identified risk or threat;
- (b) distortionary impacts on the east coast gas system and industry and consumer costs on which AEMO has available information should be minimised, to the extent reasonably practicable; and
- (c) safety should not be compromised.

[39] Rule 700 East coast gas system directions

After rule 700(2), insert:

- (2a) AEMO must engage with affected jurisdictions in a timely manner regarding east coast gas system directions.

[40] Rule 702A Publication of direction notices

After rule 702, insert:

702A Publication of direction notices

- (1) AEMO must, as soon as reasonably practicable after issuing an east coast gas system direction, publish a notice (a **direction notice**) in accordance with the Procedures.
- (2) A direction notice must contain the following information:
 - (a) if a risk or threat notice has been published by AEMO in relation to the circumstances leading to the east coast gas system direction:
 - (i) details of the risk or threat notice, including where the notice is available; and
 - (ii) a statement that the direction was issued in relation to the identified risk or threat specified in the risk or threat notice;
 - (b) if a risk or threat notice has not been published by AEMO in relation to the circumstances leading to the east coast gas system direction:

- (i) details of the relevant threat;
 - (ii) the nature and circumstances of the relevant threat;
 - (iii) the onset and likely duration of the relevant threat;
 - (iv) the location of the relevant threat; and
 - (v) the industry response, if any, that AEMO considers necessary to prevent or mitigate the relevant threat, including the duration of the response;
- (c) details of the east coast gas system direction, including the period during which the direction was or is likely to be in effect; and
- (d) other information AEMO considers necessary.
- (3) AEMO must, as soon as reasonably practicable, publish notice of a variation or revocation of a direction notice, including the reasons for the variation or revocation, if:
- (a) AEMO considers there is a material change in the east coast gas system direction described in the notice; or
 - (b) the period the east coast gas system direction will be issued for has changed; or
 - (c) AEMO revokes the east coast gas system direction relating to the notice.
- (4) AEMO is not required to include commercially sensitive information, including details about relevant entities, in a notice published under this rule.

702B Publication of post intervention reports for directions

- (1) AEMO must publish, in accordance with the Procedures, an initial report on an east coast gas system direction (an **initial post-directions report**) within 1 month of:
- (a) the last day for which the direction was in effect; or
 - (b) where AEMO issued multiple directions relating to the same threat, the last day on which any of those directions were in effect.
- (2) An initial post-directions report must contain the following information:
- (a) a summary of the east coast gas system direction or directions;
 - (b) AEMO's assessment of the extent to which each direction mitigated the relevant threat; and
 - (c) any other matters AEMO considers appropriate.

- (3) AEMO must publish, in accordance with the Procedures, a detailed report on an east coast gas system direction (a **detailed post-directions report**) within 4 months of:
 - (a) the last day for which the direction was in effect; or
 - (b) where AEMO issued multiple directions relating to the same threat, the last day on which any of those directions were in effect.
- (4) A detailed post-directions report must include:
 - (a) a description of the east coast gas system direction or directions;
 - (b) details of the events giving rise to each direction;
 - (c) details of the contribution (if any) made by AEMO's other statutory functions, and what those measures were; and
 - (d) the reasons for issuing the direction or directions, including the matters AEMO considered in deciding whether to issue the direction.

[41] Division 7 Exercise of trading functions

Omit the text of the heading and substitute "SoLR cost recovery and proceeds distribution".

[42] Rule 708 Establishment of trading fund

Omit the text of the heading and substitute "Supplier of Last Resort cost recovery and proceeds distribution".

[43] Rule 708 Supplier of Last Resort cost recovery and proceeds distribution

Omit the text of rule 708.

[44] Rule 708 Supplier of Last Resort cost recovery and proceeds distribution

After the heading, insert:

- (1) AEMO must:
 - (a) recover from relevant entities AEMO SoLR costs; and
 - (b) distribute to relevant entities AEMO SoLR proceeds,in connection with AEMO's actions as the Supplier of Last Resort, in accordance with this rule and Procedures made by AEMO under rule 709.
- (2) AEMO SoLR costs and AEMO SoLR proceeds are to be allocated to each relevant entity in each location to which the tier 3 threat relates, in proportion to their (and their related entities, without double counting)

respective shares of the total gas withdrawals from each gas wholesale market operating in that location or locations, during each relevant period.

- (3) Invoicing and settlement of AEMO SoLR costs and AEMO SoLR proceeds is to occur monthly, in respect of the AEMO SoLR costs incurred and AEMO SoLR proceeds received (if any) in the previous month.
- (4) In this rule, **relevant period** means, in respect of a tier 3 threat, each calendar month (or part thereof) between the date AEMO published the notice of the latest practicable time for an adequate industry response to that threat under rule 696A(1) and the date AEMO revoked the relevant risk or threat notice under rule 696.

[45] Rule 709 Funding the trading fund

Omit the text of the heading and substitute "Procedures for recovery of AEMO SoLR costs and distribution of AEMO SoLR proceeds".

[46] Rule 709 Procedures for recovery of AEMO SoLR costs and distribution of AEMO SoLR proceeds

Omit the text of rule 709, including the Note.

[47] Rule 709 Procedures for recovery of AEMO SoLR costs and distribution of AEMO SoLR proceeds

After the heading, insert:

- (1) AEMO must make Procedures governing the recovery of AEMO SoLR costs and the distribution of AEMO SoLR proceeds, in accordance with rule 708.
- (2) AEMO must ensure that those Procedures include information on:
 - (a) the nature and categories of the payments, costs and expenses that may be incurred and recovered by AEMO as AEMO SoLR costs;
 - (b) the nature and categories of the amounts paid or credited to (or earned or received by) AEMO that are to be treated by AEMO as AEMO SoLR proceeds;
 - (c) a method and process for determining the proportionate allocation of:
 - (i) AEMO SoLR costs incurred and recovered; and
 - (ii) AEMO SoLR proceeds received and distributed,as between relevant entities for the purposes of subrule (1), which must be consistent with rule 708(2);

- (d) the basis on which AEMO will determine:
 - (i) the time period during which AEMO activated a SoLR service contract in respect of a tier 3 threat;
 - (ii) the location or locations in respect of which AEMO has:
 - (A) published a tier 3 threat notice; and
 - (B) activated a SoLR service contract in respect of the tier 3 threat;
- (e) the establishment of the SoLR account referred to in rule 710, along with the maintenance and operation of that account by AEMO;
- (f) the process and timing for payments by:
 - (i) relevant entities into the SoLR account in respect of AEMO SoLR costs; and
 - (ii) AEMO to relevant entities in respect of AEMO SoLR proceeds.

[48] Rule 710 Adjustment of amounts for CPI

Omit the text of the heading and substitute "SoLR financial account".

[49] Rule 710 SoLR financial account

Omit the text of rule 710.

[50] Rule 710 SoLR financial account

After the heading, insert:

- (1) AEMO must establish and maintain a separate SoLR financial account in accordance with the Procedures.
- (2) The SoLR financial account will be:
 - (a) credited with AEMO SoLR proceeds; and
 - (b) debited for AEMO SoLR costs.