



National Gas Amendment (Settlement Surplus and Shortfall) Rule 2014 No. 2

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 2000 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; and
- (g) the National Gas (Northern Territory) Act 2008 of Northern Territory;
- (h) the Australian Energy Market Act 2004 of the Commonwealth,

the Australian Energy Market Commission makes the following Rule under the National Gas Law.

John Pierce
Chairman
Australian Energy Market Commission

National Gas Amendment (Settlement Surplus and Shortfall) Rule 2014 No. 2

1 Title of Rule

This Rule is the *National Gas Amendment (Settlement Surplus and Shortfall) Rule 2014 No. 2*.

2 Commencement

Schedule 1 commences operation on 1 May 2014.

Schedule 2 commences operation on 1 November 2014.

3 Amendment of the National Gas Rules

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

4 Amendment of the National Gas Rules

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

Note:

The National Gas Amendment (STTM Deviations and the Settlement Surplus and Shortfall) Rule 2013 No. 4 commences operation on 1 May 2014.

Schedule 1 Amendments of the National Gas Rules

(Clause 3)

[1] Rule 364 Definitions

In rule 364 substitute the following definitions:

deviation charge means an amount payable to AEMO by a Trading Participant in respect of a short deviation quantity.

deviation payment means an amount payable by AEMO to a Trading Participant in respect of a long deviation quantity.

[2] Rule 364 Definitions

In rule 364, omit the definition "deviation price".

[3] Rule 364 Definitions

In rule 364 insert the following definitions:

graduated deviation parameters means the parameters used to determine the amount of a deviation charge or deviation payment, specified in rule 462.

settlement surplus cap means an amount for a billing period that AEMO is to use in calculating settlement surplus payments in accordance with the STTM Procedures, being \$0.14/GJ.

[4] 461 Amount for gas days

Omit rule 461(2)(g) and substitute:

(g) the deviation charges payable by, or deviation payments payable to, a Trading Participant at a hub; and

[5] Rule 462 Graduated deviation parameters

Omit rule 462 and substitute:

462 Graduated deviation parameters

In determining deviation charges and deviation payments for a Trading Participant, AEMO must use the factors for the deviation percentage range and the deviation quantity range in the following tables in accordance with the STTM Procedures:

Deviation percentage range	Factor
> +10%	90%

Deviation percentage range	Factor
> +5% and ≤ +10%	95%
≥ -5% and ≤ +5%	100%
≥ -10% and ≤ -5%	105%
< -10%	110%

Deviation quantity range	Factor
> +1,200 GJ	90%
> +600 GJ and ≤ +1,200 GJ	95%
≥ -600 GJ and ≤ +600 GJ	100%
≥ -1,200 GJ and ≤ -600 GJ	105%
< -1,200 GJ	110%

[6] Rule 464 Settlement amounts for billing periods

Omit rule 464(2A).

Schedule 2 Amendments of the National Gas Rules

(Clause 4)

[1] Rule 364 Definitions

In rule 364 substitute the following definitions:

deviation charge means an amount payable to or by a Trading Participant by or to AEMO in respect of a short deviation quantity.

deviation payment means an amount payable to or by a Trading Participant by or to AEMO in respect of a long deviation quantity.

settlement surplus cap means an amount for a billing period that, if included in the STTM Procedures, AEMO will use in calculating settlement surplus payments in accordance with the STTM Procedures.

[2] Rule 364 Definitions

In rule 364 insert the following definition:

deviation price for a gas day means the price used to calculate deviation charges and deviation payments, in accordance with the STTM Procedures.

Note

The deviation price may be zero.

[3] Rule 364 Definitions

Omit the definitions "graduated deviation parameters" and "settlement surplus cap".

[4] Rule 461 Amounts for gas days

Omit rule 461(2)(g) and substitute:

(g) the amount payable by or to a Trading Participant at a hub in respect of deviation charges or deviation payments; and

[5] Rule 462 Graduated deviation parameters

Omit rule 462 and substitute:

462 Determining deviation charges and deviation payments

The STTM Procedures must specify the basis and method for determining deviation charges and deviation payments payable to or by a Trading Participant in accordance with the following:

- (a) the principle that, to the extent practicable, the determination of deviation charges or deviation payments should:
 - (i) promote the economically efficient operation of the STTM by efficiently allocating the risks of deviations from schedules;
 - (ii) reflect the costs of providing MOS; and
 - (iii) minimise any settlement shortfall charge or settlement surplus payment; and
- (b) when determining the amount of the deviation charge or deviation payment for a gas day:
 - (i) the maximum deviation price used to calculate a deviation charge must not exceed the dollar per GJ amount of the MPC plus the MOS cost cap; and
 - (ii) the minimum deviation price used to calculate a deviation payment must not be less than the dollar per GJ amount of the MMP minus the MOS cost cap,

except if an administered price cap state has been determined under rule 428(1)(c), in which case the deviation price to be used for determining a:

- (iii) deviation charge, will be the administered price cap; and
- (iv) deviation payment, will be the ex ante market price for that gas day.

[6] Rule 464 Settlement amounts for billing periods

After rule 464(2) insert:

- (2A) The STTM Procedures must specify the basis and method for calculating the settlement shortfall charge or settlement surplus payment for a hub and a billing period under subrule (2)(b)(i) in accordance with the following principles:
 - (a) any settlement shortfall or settlement surplus should be allocated to Trading Participants at that hub in the billing period; and
 - (b) such allocation should promote the economically efficient operation of the STTM by efficiently allocating the proportion of any settlement shortfall or settlement surplus arising from:
 - (i) a deviation quantity, to the Trading Participants on the basis of their total deviation quantity, subject to any settlement surplus cap; and

- (ii) MOS related services or circumstances that are beyond the reasonable control of the Trading Participants (other than deviation quantities), to all Trading Participants.

[END OF RULE AS MADE]
