

Victorian Gas Industry Market and System Operations Rules

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F R E E H I L L
H O L L I N G D A L E
& P A G E

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CHAPTER 1. INTRODUCTION

1.1 PURPOSE AND APPLICATION OF RULES

1.1.1 The Market and System Operations Rules

- (a) These Rules are the Market and System Operations Rules.
- (b) In these Rules:
 - (1) words and phrases which appear in italics are defined in the glossary in chapter 11; and
 - (2) technical concepts relating to gas measurement are described in clause 10.4.
- (c) These Rules must be interpreted in accordance with the provisions of chapter 10.

1.1.2 Purpose

The purpose of these Rules is:

- (a) to provide an efficient, competitive and reliable *market*;
- (b) to regulate the operation of the *market*;
- (c) to regulate the activities of *Participants* in Victoria in and in relation to the *transmission system* and the *market*; and
- (d) to regulate the operation of the *transmission system* in Victoria by *VENCorp* in a way which:
 - (1) minimises threats to *system security*;
 - (2) encourages the achievement of the *market objectives*; and
 - (3) enables access to the *transmission system* and the *market*.

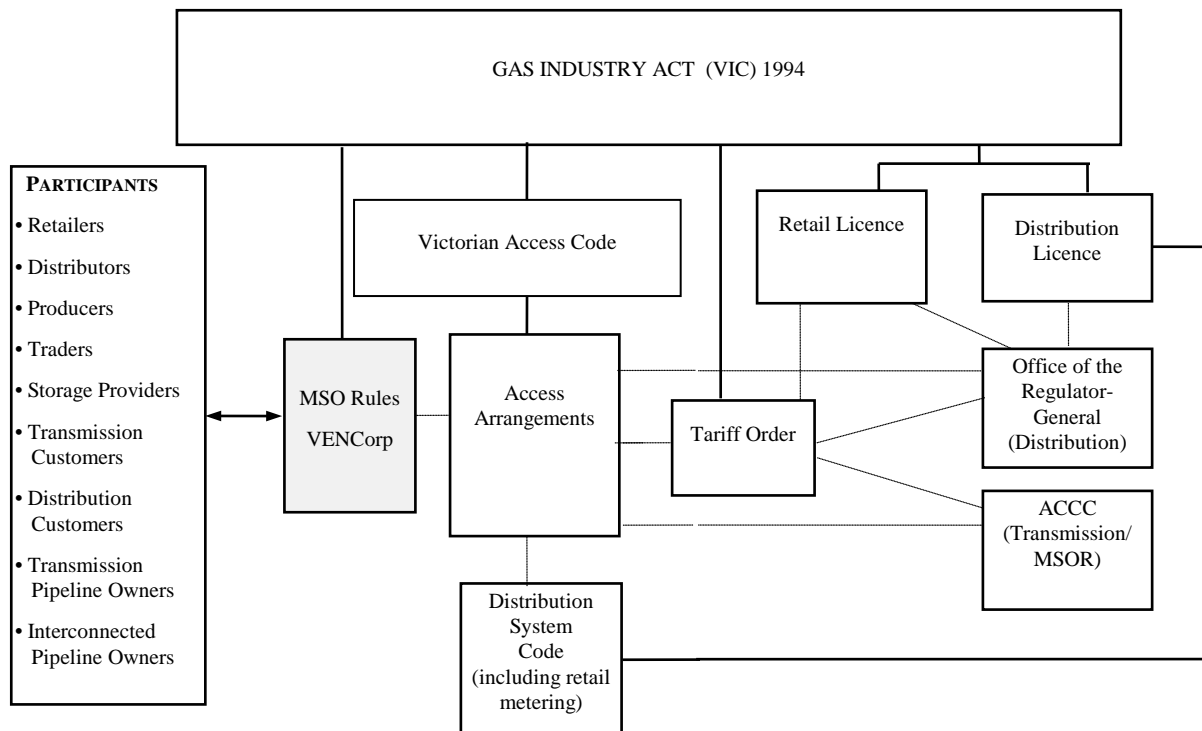
1.1.3 The regulatory framework

These Rules form part of the regulatory framework which:

- (a) is applicable to the owners, operators and users of the *transmission system* under the *Gas Industry Act*; and
- (b) may also be applicable to the owners and operators of *transmission pipelines* as part of their *access arrangements*, required by and applicable under the *Access Code*,

which is represented diagrammatically below.

REGULATORY FRAMEWORK



1.1.4 Operation

The *commencement date* of these Rules is [].

1.1.5 Application of these Rules

- (a) A person other than *VENCorp* who:
 - (1) is bound to comply with these Rules under the *Gas Industry Act* and/or as part of an *access arrangement*; and/or
 - (2) holds a retail licence under the *Gas Industry Act* and sells gas to *Customers* which has been transported through the *transmission system*; and/or
 - (3) wishes to undertake activities or participate in the *market*,must register with *VENCorp* in accordance with chapter 2.
- (b) Subject to clause 1.1.6, a person who is registered with *VENCorp* as a *Participant* under chapter 2 is bound by these Rules.

1.1.6 System Bypass

Nothing in these Rules limits the rights of any person to construct, own or operate a *pipeline* or *pipeline equipment* which is not part of the *transmission system* and which is not subject to these Rules.

Introduction

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1.2 VENC Corp

1.2.1 Obligations of VENC Corp

- (a) VENC Corp must:
 - (1) operate the *transmission system*; and
 - (2) operate and administer the *market*,in accordance with these Rules and taking into consideration the *market objectives* and VENC Corp must allocate appropriate resources to enable it to do so.
- (b) VENC Corp must maintain and *publish* a register of *Participants* and must update and *publish* the register whenever a person becomes or ceases to be a *Participant*.
- (c) In consultation with *Participants*, VENC Corp must develop and update from time to time *system security guidelines* in accordance with which VENC Corp will be required to operate the *transmission system* in a way which minimises threats to *system security*, and the *system security guidelines* must be provided to:
 - (1) the *Regulator* on completion and after any update of the *system security guidelines*; and
 - (2) *Participants* and interested persons on request.
- (d) Should VENC Corp propose a change to the *system security guidelines* which, in VENC Corp's reasonable opinion is a material change then, prior to its implementation, that proposed change must be reviewed in accordance with the *public consultation procedures*.
- (e) VENC Corp must monitor daily trading activity in the *market*:
 - (1) with a view to ensuring that such trading is performed in accordance with these Rules; and
 - (2) to identify any *significant price variations* in and between *trading intervals*.
- (f) If VENC Corp identifies any *significant price variations* in and between *trading intervals*, VENC Corp must, within ten *business days* of identifying those matters, prepare a report setting out the identified *significant price variations*.
- (g) VENC Corp must provide a copy of the report referred to in clause 1.2.1(f) to:
 - (1) the *Regulator* on completion of the report; and
 - (2) *Participants* and interested persons on request.
- (h) VENC Corp must, in consultation with the *Regulator*, develop guidelines as to what constitutes a *significant price variation*.
- (i) Where these Rules require VENC Corp to develop procedures, processes or systems, VENC Corp must do so after taking into consideration the likely costs to

Participants of complying with those procedures or processes and of obtaining, installing or adopting those systems, as the case may be.

- (j) *VENCorp* must comply with each of the requirements and obligations imposed on it under these Rules.
- (k) For the purposes of the *Tariff Order*, the obligations and functions of *VENCorp* as described in this clause 1.2.1, are the *tariffed VENC Corp services*.

1.2.2 Limitation of liability of VENC Corp

VENCorp is not to be liable for any loss or damage suffered or incurred by a *Participant* or any other person as a consequence of any act or omission by *VENCorp*, except:

- (a) as expressly provided for in these Rules;
- (b) to the extent that *VENCorp* can and does recover compensation from any *Participant* or any other person in respect of any such loss or damage, after deducting its costs, if any, of recovering that compensation; and
- (c) to the extent that *VENCorp* can and does recover compensation under a policy of insurance in respect of any such loss or damage, after deducting its costs, if any, of recovering that compensation.

1.2.3 Review of VENC Corp liability

- (a) *VENCorp* must undertake a review of the provisions of these Rules which limit *VENCorp's* liability in accordance with the *public consultation procedures*.
- (b) *VENCorp* must initiate the review referred to in clause 1.2.3(a) prior to the *commencement date* and complete the review within three months of the *commencement date*.
- (c) As soon as practicable after the review referred to in clause 1.2.3(a) has been conducted, *VENCorp* must produce a report on the review and that report must:
 - (1) be provided to the *Regulator* upon completion; and
 - (2) made available to other interested parties upon request.
- (d) The findings of the report must be considered by *VENCorp* in consultation with the *Regulator*.

1.2.4 VENC Corp performance

- (a) Unless otherwise expressly provided in these Rules, nothing in these Rules is to be construed as imposing upon *VENCorp* any obligation or duty to, or enforceable by, a *Participant* or any other person and a *Participant* must not make any commitment to any person binding on or purporting to bind *VENCorp*.
- (b) Nothing in these Rules prevents *VENCorp* from exercising any right or remedy which it may have against a person at law or pursuant to the *Gas Industry Act* or otherwise.
- (c) In exercising its discretions and performing its obligations under these Rules, *VENCorp* must at all times:

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- (1) act in a reasonable and prudent manner; and
- (2) act reasonably and in good faith in its dealings with *Participants*;
except to the extent that:
 - (3) there is any standard of performance already provided for by any statute, regulation or licence condition to which *VENCorp* is subject; or
 - (4) *VENCorp* would thereby be required to act in a manner which would conflict with any requirement of law.
- (d) For the avoidance of doubt the operation of clause 1.2.4(c) does not prevent *VENCorp* from performing any obligation under these Rules.
- (e) At least once in every calendar year, *VENCorp* must *publish* performance indicators which provide an indication of, and monitor, *VENCorp's* performance under these Rules in respect of the *VENCorp functions* and the *market objectives*.

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1.3 ENFORCEABILITY AND AMENDMENT OF THESE RULES

1.3.1 Enforceability

These Rules are enforceable in accordance with chapter 7.

1.3.2 Changes to these Rules

Amendments to these Rules must be made in accordance with chapter 8.

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1.4 PUBLIC CONSULTATION PROCEDURES

Where these Rules identify matters which are subject to review or consultation in accordance with the *public consultation procedures*, *VENCorp* must ensure that, as a minimum, the following procedures are followed:

- (a) *VENCorp* must advertise particulars of the matter to *Participants* and other interested persons, inviting written submissions concerning the matter to be made by a specified date;
- (b) where, in the reasonable opinion of *VENCorp*, there is a diversity of views expressed in the written submissions received under clause 1.4(a), *VENCorp* must invite *Participants* and other interested persons to a meeting or meetings at which those views may be presented and discussed;
- (c) following its consideration of the matter under consultation, *VENCorp* must prepare a report setting out:
 - (1) the matter under consultation;
 - (2) *VENCorp's* decision in relation to the matter;
 - (3) the reasons for *VENCorp's* decision;
 - (4) the findings on material questions of fact, referring to evidence or other material on which those findings were based; and
 - (5) the procedures followed in considering the matter; and
- (d) *VENCorp* must provide a copy of the report referred to in clause 1.4(c) to:
 - (1) the *Regulator* on completion of the report; and
 - (2) *Participants* and interested persons on request.

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CHAPTER 2. REGISTRATION

2. REGISTRATION

2.1 Registration with VENC Corp

- (a) Each *Transmission Pipeline Owner* whose *transmission pipeline* forms part of the *transmission system* and each person whose *pipeline* or *pipeline equipment*, *gas production facility* or *storage facility* is *connected* to the *transmission system* must register with *VENC Corp* as a *Participant* (unless that person is an *Exempt Person*) in any one or more of the following categories:
- (1) *Transmission Pipeline Owners*;
 - (2) *Interconnected Pipeline Owners*;
 - (3) *Producers*;
 - (4) *Transmission Customers*;
 - (5) *Distributors*; and
 - (6) *Storage Providers*.
- (b) A person who:
- (1) holds a retail licence under the *Gas Industry Act*; and
 - (2) sells gas to *Customers* which has been transported through the *transmission system*,
- must register with *VENC Corp* as a *Participant* unless that person is an *Exempt Person*.
- (c) Subject to clause 2.1(e), a person may apply to *VENC Corp* to be registered as a *Market Participant* in one or more of the following categories:
- (1) *Producers*;
 - (2) *Traders*;
 - (3) *Retailers*;
 - (4) *Transmission Customers*;
 - (5) *Distribution Customers*; or
 - (6) owners and/or operators of *LNG storage facilities* and other *storage facilities*.
- (d) A person may not undertake activities or participate in or in relation to the *market* in a category set out in clause 2.1(c) unless the person is registered as a *Market Participant* in that category.
- (e) A person is not eligible to be registered as a *Market Participant* unless the person:
- (1) is a resident in, or is permanently established in, Australia;

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- (2) is, in respect of *Transmission Customers* and *Distribution Customers*, a person who is a *Non-Franchise Customer*;
- (3) is not under external administration (as defined in the Corporations Law) or under a similar form of administration under any laws applicable to that person in any jurisdiction;
- (4) is not immune from suit in respect of the obligations of a *Participant* under these Rules;
- (5) is capable of being sued in its own name in a court of Australia; and
- (6) has entered into and continues to be a party to an agreement providing for the payment of transmission charges associated with the provision of services by a *Transmission Pipeline Owner* under a *service envelope agreement*,

and if at any time a *Market Participant* ceases to be eligible to be registered as a *Market Participant* in accordance with this clause 2.1(e), that *Market Participant* must inform *VENCorp* accordingly and as soon as practicable after *VENCorp* becomes aware that a *Market Participant* is no longer eligible to be registered, *VENCorp* must issue a *suspension notice* in respect of that *Market Participant* in accordance with clause 3.7.7.

- (f) Applications for registration must be submitted to *VENCorp* in the form prescribed by *VENCorp* and must be accompanied by a registration fee (if any) fixed by *VENCorp*.
- (g) If an applicant applies for registration in one of the categories specified in clause 2.1(c), that applicant must satisfy *prudential requirements* in accordance with clause 3.7 and must provide to *VENCorp* documentary evidence of its compliance with the relevant *prudential requirements* with the application for registration.
- (h) Within five *business days* of receiving an application, *VENCorp* must advise the applicant of any further information which *VENCorp* reasonably considers to be required to enable *VENCorp* properly to assess the application and if *VENCorp* has not received that further information which it reasonably considers satisfy the relevant application requirements within a further fifteen *business days*, *VENCorp* may treat the application as withdrawn and if *VENCorp* incurs additional costs as a result of requesting and assessing that further information *VENCorp* may require the applicant to pay to *VENCorp* a reasonable amount to cover those additional costs.
- (i) If an application for registration in one or more of the categories set out in clause 2.1(a), (b) and/or (c) has been received by *VENCorp* and:
 - (1) all relevant application requirements have been satisfied;
 - (2) the applicant is eligible to be registered in the category or categories in which registration is sought;

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- (3) *VENCorp* reasonably considers that the applicant will be able to comply and maintain compliance with these Rules;
 - (4) *VENCorp* reasonably considers that the applicant is of sufficient financial standing or has sufficient *credit support* to meet its financial obligations; and
 - (5) if the applicant seeks registration as a *Market Participant*, the applicant satisfies any applicable *prudential requirements*,

then subject to clause 2.1(e), *VENCorp* must approve the application and register the applicant in the category or categories to which the application relates providing that if the application satisfies the requirements of this clause 2.1(i) in respect of a fewer number of categories than those for which registration is sought, *VENCorp* must register the applicant only in that category or in those categories in respect of which the requirements of this clause 2.1(i) are satisfied.

- (j) If *VENCorp* approves an application under clause 2.1(i), *VENCorp* must send written notice of approval to the applicant within fifteen *business days* of receiving:
 - (1) the application under clause 2.1(f); or
 - (2) if further information and/or fees are required under clause 2.1(h), that further information and/or fees,

and registration of the applicant as a *Participant* will take effect on the date specified in the notice of approval which must be a date not more than seven days after the date on which *VENCorp* sends the notice of approval under this clause 2.1(j).

- (k) If *VENCorp* does not approve an application for registration in a category to which an application relates, *VENCorp* must send written notice to the applicant advising the applicant that the application is not approved and *VENCorp* must give reasons for its decision.

2.2 Ceasing to be a Market Participant

- (a) A person may notify *VENCorp* in writing that it wishes to cease to be registered in any one or more categories of *Market Participant* set out in clause 2.1(c).
- (b) In a notice given under clause 2.2(a), a *Market Participant* must specify a date upon which it wishes to cease to be registered.
- (c) On receipt of a notice under clause 2.2(a), *VENCorp* must notify all *Market Participants* that the person who gave the notice will cease to be a *Market Participant* and the date on which that will occur.
- (d) If *VENCorp* notifies *Market Participants* that a *Market Participant* will cease to be registered on a specified date, that *Market Participant* must cease all trading and all other activities in the *market* from that date.

2.3 Suspension

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- (a) Subject to clause 2.3(b), if a *Market Participant* receives a *suspension notice* from *VENCorp* in accordance with any provision of these Rules, that *Market Participant* is suspended from participation in the *market* unless and until *VENCorp* in its absolute discretion declares the *suspension notice* to be revoked in accordance with clause 3.7.7.
- (b) If *VENCorp* issues a *suspension notice* to any *Market Participant* under which *VENCorp* declares that the *Market Participant* is to be deregistered as a *Market Participant*, the *Market Participant* is deemed to be deregistered as a *Market Participant* from the date specified in the *suspension notice*.

2.4 Liability of deregistered Participants

Notwithstanding that a person is no longer registered as a *Participant* for any reason, that person's obligations and liabilities which arose under these Rules prior to the date on which that person was deregistered remain unaffected by the deregistration.

2.5 Intention to commence activities or functions

- (a) Any person who intends to register as a *Participant* may register with *VENCorp* as an *Intending Participant* if that person can satisfy *VENCorp* of its bona fide intent to commence an activity which would entitle or require that person to be registered as a *Participant* once that activity is commenced.
- (b) Applications for registration as an *Intending Participant* must be submitted to *VENCorp* in the form prescribed by *VENCorp* and must be accompanied by the registration fee (if any) fixed by *VENCorp* from time to time.
- (c) *VENCorp* may from time to time require an *Intending Participant* to satisfy *VENCorp* that it continues to meet the criteria for registration in clause 2.5(a) and if the *Intending Participant* is unable to satisfy *VENCorp* that it remains entitled to be registered as an *Intending Participant*, then *VENCorp* must send written notice to the relevant *Intending Participant* to advise the relevant *Intending Participant* that it will cease to be registered as an *Intending Participant* on the date specified by *VENCorp* in that notice.
- (d) An *Intending Participant* is taken to be an *Intending Participant* only insofar as its activities relate to its intention to commence an activity that would entitle or require that person to be registered as a *Participant*.
- (e) An *Intending Participant* acquires the rights and obligations under these Rules:
 - (1) which are applicable to *Participants*; and
 - (2) which are applicable to the category of *Participant* (as specified in clauses 2.1(a), (b) and (c)) in which that *Intending Participant* would be entitled or required to be registered once it commences its intended activities.

2.6 Market fees

- (a) *VENCorp* may charge, and *Participants* must pay, *market fees* in accordance with this clause 2.6.

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- (b) Subject to clauses 2.6(d) to (h), *market fees*, which are charged for *tariffed VENC Corp services* must be determined by the Board of Directors of *VENC Corp*, and approved by the *Regulator*, in respect of each *financial year* in accordance with the *Tariff Order*.
 - (c) Unless otherwise approved by the *Regulator*, each *Participant* must pay to *VENC Corp market fees* in accordance with this clause 2.6(c):
 - (1) each *Market Participant* must pay a registration fee determined in accordance with the *Tariff Order* for every day or part of a day during which that *Market Participant* is registered under clause 2.1;
 - (2) each *Market Participant* who withdraws gas from the *transmission system* on a *gas day* at a *system withdrawal point* or injects gas into the *transmission system* on a *gas day* at a *system injection point* must pay, in respect of that withdrawal or injection, a metering fee associated with a “transmission supply point” as defined in the *Tariff Order* and as determined in accordance with the *Tariff Order*;
 - (3) each *Retailer* whose *Customers* have withdrawn gas on a *gas day* at a *transmission delivery point* at which there is a *meter* from which *VENC Corp* is responsible for collecting *metering data* must pay, in respect of each such withdrawal on that *gas day*, a metering fee associated with a “transmission supply point” as defined in the *Tariff Order* and as determined in accordance with the *Tariff Order*;
 - (4) each *Retailer* whose *Customers* have withdrawn gas on a *gas day* at a *distribution delivery point* at which there is a *meter* from which *VENC Corp* is responsible for collecting *metering data* must pay, in respect of each such withdrawal on that *gas day*, a metering fee associated with a “distribution supply point” as defined in the *Tariff Order* and as determined in accordance with the *Tariff Order*;
 - (5) each *Distribution Customer* who is a *Market Participant* and who withdraws gas on a *gas day* at a *distribution delivery point* at which there is a *meter* from which *VENC Corp* is responsible for collecting *metering data* must pay, in respect of that withdrawal on that *gas day*, a metering fee associated with a “distribution supply point” as defined in the *Tariff Order* and as determined in accordance with the *Tariff Order*;
 - (6) each *Retailer* who sells gas to *Customers* who withdraw gas at a *tariff V withdrawal point* in a *financial year* must pay a commodity charge determined in accordance with the *Tariff Order* for each GJ of gas withdrawn by those *Customers* at such *tariff V withdrawal point* and sold by that *Retailer* to those *Customers* during that *financial year*;
 - (7) each *Market Customer* who withdraws gas at a *tariff V withdrawal point* must pay a commodity charge determined in accordance with the *Tariff*

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- Order* for each GJ of gas withdrawn by that *Market Customer* at that *tariff V withdrawal point* during each *financial year*;
- (8) each *Retailer* who sells gas to *Customers* who withdraw gas at a *tariff D withdrawal point* in a *financial year* must pay a commodity charge determined in accordance with the *Tariff Order* for each GJ of gas withdrawn by those *Customers* at such *tariff D withdrawal point* and sold by that *Retailer* to those *Customers* during that *financial year*;
 - (9) each *Market Customer* who withdraws gas at a *tariff D withdrawal point* must pay a commodity charge determined in accordance with the *Tariff Order* for each GJ of gas withdrawn by that *Market Customer* at that *tariff D withdrawal point* during each *financial year*; and
 - (10) each *Market Participant* must pay a *system security* gas storage charge described as a “system security” charge in the *Tariff Order* and determined in accordance with the *Tariff Order*, in respect of each GJ of gas withdrawn from the *transmission system* by that *Market Participant*.
- (d) *VENCorp* must, before submitting its annual statement to the *Regulator* for approval in accordance with clause 6.1(a)(2) of the *Tariff Order*, produce an initial report setting out:
- (1) *VENCorp's* budgeted expenditures and budgeted revenues for that regulatory year;
 - (2) the amount of proposed *market fees* in respect of each of the *tariffed VENC Corp services* in respect of which *market fees* are proposed to be charged for the next *financial year*;
 - (3) the method used in determining the amount of proposed *market fees* in respect of each of *VENCorp's* activities referred to in clause 2.6(d)(2) including but not limited to *VENCorp's* estimated costs and expenses associated with those activities;
 - (4) other fee structures and fee amounts which are appropriate for comparison purposes; and
 - (5) an assessment of the extent to which the proposed *market fees* comply with the principles set out in clause 8.1 of the *Access Code*.
- (e) *VENCorp* must provide a copy of the initial report to:
- (1) the *Regulator* on completion of the report; and
 - (2) *Participants* and interested persons on request.
- (f) *VENCorp* must invite *Participants* and interested persons to make submissions in relation to the initial report and must consider any such submissions received up to ten *business days* after the initial report is made available to *Participants* and interested persons under clause 2.6(e)(2).

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- (g) *VENCorp* must prepare a final report which summarises:
 - (1) submissions received under clause 2.6(f); and
 - (2) the process of consultation undertaken by *VENCorp* in relation to preparation of the final report.
- (h) *VENCorp* must provide a copy of the final report to the *Regulator* at the time of submitting its annual statement to the *Regulator* for approval in accordance with clause 6.1(a)(2) of the *Tariff Order*.

2.7 Previous Financial Year Report

- (a) *VENCorp* must, by no later than two months after the end of each *financial year*, prepare a report setting out:
 - (1) *VENCorp's* budgeted and actual expenditures and budgeted and actual revenues in respect of each of the *tariffed VENC Corp services*, including, but not limited to:
 - (A) *system security*;
 - (B) collection, storage and processing of *metering data* and billing and *settlement of market* transactions; and
 - (C) costs of operating the dispute resolution process under clause 7.2;
 - (2) an explanation of any significant variation between budgeted and actual expenditures and budgeted and actual revenues; and
 - (3) contributions made to and payments made from the *participant compensation fund*,in respect of the previous *financial year*.
- (b) *VENCorp* must provide a copy of the report prepared under clause 2.7(a) to:
 - (1) the *Regulator* on completion; and
 - (2) *Participants* and interested persons on request.

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CHAPTER 3. MARKET OPERATION AND ADMINISTRATION

3.1 GAS SCHEDULING

3.1.1 Gas scheduling

- (a) *VENCorp* must operate the *transmission system* in accordance with the *gas scheduling procedures* and these Rules and by *scheduling* injections of gas into and withdrawals of gas from the *transmission system* in accordance with *nominations* and *inc/dec offers*.
- (b) When *scheduling* injections of gas into and withdrawals of gas from the *transmission system*, *VENCorp* must use its reasonable endeavours to operate within the *system security guidelines*.
- (c) Subject always to:
 - (1) *VENCorp's* obligations under these Rules to *schedule* injections of gas into, and withdrawals of gas from, the *transmission system* in accordance with the *gas scheduling procedures*;
 - (2) *VENCorp's* obligations under these Rules to operate the *transmission system* within the *system security guidelines* and to avert threats to *system security*; and
 - (3) there being sufficient gas available at all relevant times for injection into the *transmission system* to satisfy demand,

VENCorp must use its reasonable endeavours to ensure that sufficient gas is made available for withdrawal from the *transmission system* during each *gas day* to satisfy *Market Participants'* aggregate requirements for gas at *system withdrawal points*.

- (d) *VENCorp* must develop, document and make available to all *Market Participants* and *Transmission Pipeline Owners* the procedures (the *gas scheduling procedures*), including systems back-up and disaster recovery procedures, which *VENCorp* will follow, and the algorithm which will be used by *VENCorp*, for the purpose of *scheduling* in accordance with this clause 3.1.

3.1.2 Nominations and inc/dec offers

- (a) Each *Market Participant* who intends to inject quantities of gas into or withdraw quantities of gas from the *transmission system* on a *gas day* must submit *nominations* to *VENCorp* in accordance with and at the times specified in clauses 3.1.3, 3.1.4 and 3.1.7.
- (b) A *Market Participant* who is willing to modify the quantities of gas which it intends to inject into or withdraw from the *transmission system* on a *gas day* (as specified in the *nominations* submitted by that *Market Participant* in respect of that *gas day*) may submit *inc/dec offers* in accordance with clauses 3.1.5 and 3.1.7.

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3.1.3 Injection nominations

- (a) A *Market Participant* must submit a separate *injection nomination* in respect of each *system injection point* at which it intends to inject gas on a *gas day*.
- (b) Each *injection nomination* must specify:
 - (1) the *gas day* in respect of which the *injection nomination* applies;
 - (2) the identity of the *Market Participant* submitting the *injection nomination*;
 - (3) the *system injection point* at which the *Market Participant* submitting the *injection nomination* intends to inject quantities of gas; and
 - (4) the quantity of gas nominated for injection at that *system injection point* for each hour of that *gas day*.

3.1.4 Withdrawal nominations

- (a) A *Market Participant* must submit a separate *withdrawal nomination* in respect of each *system withdrawal zone* from which it intends to withdraw gas on a *gas day*.
- (b) Each *withdrawal nomination* must specify:
 - (1) the *gas day* in respect of which the *withdrawal nomination* applies;
 - (2) the identity of the *Market Participant* submitting the *withdrawal nomination*;
 - (3) the *system withdrawal zone* from which the *Market Participant* submitting the *withdrawal nomination* proposes to withdraw quantities of gas;
 - (4) if the *Market Participant* intends to submit a *withdrawal inc/dec offer* in respect of that *system withdrawal zone* for that *gas day*, the *controllable quantity* nominated by the *Market Participant* in respect of that *system withdrawal zone*; and
 - (5) the quantity of gas nominated for withdrawal at that *system withdrawal zone* for each hour of that *gas day*.

3.1.5 Inc/dec offers

- (a) *Market Participants* may make offers (*inc/dec offers*) to modify the quantities of gas which they will inject into, or withdraw from, the *transmission system* on a *gas day* at specified prices in accordance with this clause 3.1.5.
- (b) An *inc/dec offer* must specify:
 - (1) the identity of the *Market Participant* by whom it is made;
 - (2) the *gas day* to which the offer relates;

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- (3) the *system injection point* (in the case of an *injection inc/dec offer*) or *system withdrawal zone* (in the case of a *withdrawal inc/dec offer*) in relation to which the offer is made; and
 - (4) up to ten *price steps*.
- (c) Each *price step* must specify:
- (1) a single price, expressed in \$/GJ to four decimal places, which is to apply throughout the *gas day*; and
 - (2) for each hour of the *gas day*, the total quantity of gas, expressed in GJ, up to which the *Market Participant* is offering to inject gas into, or withdraw gas from, the *transmission system* in the hour specified at the price specified in clause 3.1.5(c)(1).
- (d) In the case of an *injection inc/dec offer*, the quantity of gas specified in a *price step* (referred to in this clause as the “*higher price step*”) in respect of any hour must not be less than the quantity of gas specified in respect of that hour in any *price step* which specifies a price which is less than the price specified in the *higher price step*.
- (e) In the case of *withdrawal inc/dec offer*, the quantity of gas specified in a *price step* (referred to in this clause as the “*higher price step*”) in respect of any hour must not be greater than the quantity of gas specified in respect of that hour in any *price step* which specifies a price which is less than the price specified in the *higher price step*.
- (f) *Inc/dec offers* may specify the following conditions or constraints, which will be applied by *VENCorp* in *scheduling price steps*:
- (1) the period of time required by the *Market Participant* after the *Market Participant* receives a *scheduling instruction* in respect of the offer before the *Market Participant* will be able to modify the *gas flow rate* at the relevant *system point* in accordance with the offer;
 - (2) a time by which *VENCorp* must issue a *scheduling instruction* in respect of the offer if it is going to do so;
 - (3) in the case of an *injection inc/dec offer*, the minimum quantity of gas which the *Market Participant* is offering to inject in each hour of the *gas day* to which the offer relates;
 - (4) in the case of an *injection inc/dec offer*, the minimum quantity of gas which the *Market Participant* is offering to inject in the *gas day* to which the offer relates;
 - (5) in the case of an *injection inc/dec offer*, the maximum quantity of gas in each *price step* which the *Market Participant* is offering to inject in the *gas day* to which the offer relates;

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- (6) in the case of a *withdrawal inc/dec offer*, the maximum quantity of gas in each *price step* which the *Market Participant* is offering to withdraw in the *gas day* to which the offer relates;
 - (7) in the case of a *withdrawal inc/dec offer*, the minimum quantity of gas which the *Market Participant* is offering to withdraw in the *gas day* to which the offer relates; and
 - (8) for any hour of the *gas day*, the maximum increase and/or decrease in the *gas flow rate* relative to the previous hour of the *gas day*.
- (g) A *Market Participant* may only make a *withdrawal inc/dec offer* in respect of a *system withdrawal zone* on a *gas day* if and to the extent that it has:
- (1) nominated a *controllable quantity* for that *system withdrawal zone* on that *gas day*; and
 - (2) registered with *VENCorp* a maximum *controllable quantity* in respect of that *system withdrawal zone* in accordance with clause 3.1.6 equal to or in excess of the *controllable quantity* nominated by that *Market Participant* for that *system withdrawal zone* on that *gas day*.

3.1.6 Accreditation of controllable quantities

- (a) A *Market Participant* who wishes to submit *withdrawal inc/dec offers* in respect of a *system withdrawal zone*, and to receive any *ancillary payments* resulting from the *scheduling* of those *withdrawal inc/dec offers*, must apply to *VENCorp* for accreditation of the *controllable quantities* in respect of which the *Market Participant* intends to submit *withdrawal inc/dec offers*.
- (b) An application for accreditation must specify:
 - (1) the *delivery point* to which the application relates;
 - (2) details of the load characteristics of the *delivery point*, including minimum and maximum hourly quantities, minimum and maximum daily quantities and such other information as *VENCorp* may require; and
 - (3) the specific actions that will be taken to increase or decrease withdrawals at the relevant *delivery point* if a *withdrawal inc/dec offer* is *scheduled* by *VENCorp* and the methods which will be used to verify that those actions have been taken.
- (c) *VENCorp* will only accredit *controllable quantities* if the *Market Participant* seeking accreditation is able to demonstrate to *VENCorp*'s reasonable satisfaction that it will be able to procure that the gas flow at the relevant *delivery point* will be modified in accordance with any *scheduling instructions* issued by *VENCorp* in respect of such *controllable quantities* and that compliance with such *scheduling instructions* can be monitored and/or audited in a manner acceptable to *VENCorp*.

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3.1.7 Timing of nominations and inc/dec offers

- (a) Each *Market Participant* must submit *nominations* in respect of each *gas day* to *VENCorp* by no later than 11.00 am on the day which is two days prior to the day on which that *gas day* starts.
- (b) A *Market Participant* must submit a *nomination* in respect of a *gas day* to *VENCorp* by no later than:
 - (1) 9.00 am on the day before the day on which that *gas day* starts; and
 - (2) 8.00 am on the same day as the start of that *gas day*,if the immediately preceding *nomination* (including a *nomination* made pursuant to this clause 3.1.7(b)) made by that *Market Participant* in respect of the same *system point* no longer represents that *Market Participant's* best estimate of the quantity of gas which it expects to inject into or withdraw from the *transmission system* at that *system point* or the timing or *gas flow rate* of that injection or withdrawal.
- (c) Subject to clause 3.1.7(d), a *Market Participant* may submit *inc/dec offers* in respect of a *gas day* at any time prior to, but not later than, 8.00am on the same day as the start of the *gas day* in respect of which they are made.
- (d) A *Market Participant* who intends to submit *inc/dec offers* in respect of a *gas day* must submit *inc/dec offers* which reflect the *Market Participant's* best estimate of the quantities and prices which it expects to include in the final *inc/dec offers* which it intends to submit for that *gas day* by no later than:
 - (1) 11.00am on the day which is two days prior to the day on which that *gas day* starts; and
 - (2) 9.00am on the day before the day on which that *gas day* starts.

3.1.8 EoD linepack bids

- (a) By no later than 8.00am on a day, a *Market Participant* may submit to *VENCorp* an *EoD linepack bid* offering to purchase *EoD linepack*.
- (b) An *EoD linepack bid* must specify:
 - (1) the identity of the *Market Participant* submitting the *EoD linepack bid*; and
 - (2) up to five *EoD linepack price steps*.
- (c) Each *EoD linepack price step* must specify:
 - (1) a single price, expressed in \$/GJ to four decimal places; and
 - (2) the total quantity of *EoD linepack* up to which the *Market Participant* is offering to purchase at that price.
- (d) The maximum quantity of gas specified in an *EoD linepack price step* for a *gas day* (referred to in this clause as the “*higher EoD linepack price step*”) must not

be greater than the maximum quantity of gas specified in an *EoD linepack price step* for that *gas day* which specifies a price which is less than the price specified in the *higher EoD linepack price step*.

- (e) An *EoD linepack bid* is an offer to purchase any quantity of *EoD linepack* that is greater than zero and less than or equal to the maximum quantity specified in the *price step* in that *EoD linepack bid* which specifies the lowest price.
- (f) *VENCorp* may allocate to a *Market Participant* any quantity of *EoD linepack* up to the maximum quantity specified in the *EoD linepack price step* which *VENCorp* accepts.

3.1.9 Confirmation of nominations, inc/dec offers and EoD linepack bids

- (a) Each *Market Participant* is responsible for verifying that the information posted on the *market information bulletin board* relating to its *nominations, inc/dec offers* and *EoD linepack bids* is accurate and correct.
- (b) *VENCorp* is under no obligation to verify that the information posted on the *market information bulletin board* relating to a *Market Participant's nominations, inc/dec offers* or *EoD linepack bids* is accurate and correct.
- (c) *VENCorp* must provide acknowledgment of receipt of and, subject to clause 3.1.9(b), validate all *nominations, inc/dec offers* or *EoD linepack bids* submitted by *Market Participants* in accordance with the *electronic communication procedures*.
- (d) *VENCorp* must ensure that the information relating to each *Market Participant's nominations, inc/dec offers* and *EoD linepack bids* posted on the *market information bulletin board* is used for the purposes of *scheduling, pricing* and *settlement* in accordance with these Rules.
- (e) If a *nomination, an inc/dec offer* or an *EoD linepack bid* is invalid (as determined by *VENCorp* in accordance with the *electronic communication procedures*), *VENCorp* must not *schedule* that *nomination, inc/dec offer* or *EoD linepack bid* and must, as soon as reasonably practicable after it becomes aware of the invalidity of the *nomination, inc/dec offer* or *EoD linepack bid*, notify the *Market Participant* who has submitted the *nomination, inc/dec offer* or *EoD linepack bid* of its invalidity.

3.1.10 Other nomination, inc/dec offer and EoD linepack bid requirements

- (a) *Market Participants* must submit their *nominations, inc/dec offers* and *EoD linepack bids* to *VENCorp* in accordance with the *electronic communication procedures*, unless otherwise determined by *VENCorp*.
- (b) A *nomination* submitted by a *Market Participant* in respect of a *system point* for a *gas day* will be deemed to be revoked by a subsequent *nomination* submitted by that *Market Participant* in respect of that same *system point* and that same *gas day*.

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- (c) An *inc/dec offer* submitted by a *Market Participant* in respect of a *system point* for a *gas day* will be deemed to be revoked by a subsequent *inc/dec offer* submitted by that *Market Participant* in respect of that same *system point* and that same *gas day*.
 - (d) An *EoD linepack bid* submitted by a *Market Participant* in respect of a *gas day* will be deemed to be revoked by a subsequent *EoD linepack bid* submitted by that *Market Participant* in respect of that same *gas day*.
 - (e) A *Market Participant* may submit, vary and revoke *standing nominations*, *standing inc/dec offers* and *standing EoD linepack bids*, provided that it does so in accordance with the *electronic communication procedures*.
 - (f) Each *Market Participant* warrants to *VENCorp* that:
 - (1) each *injection nomination* submitted by that *Market Participant* will be made in good faith and represent that *Market Participant's* best estimate of the quantities of gas which it expects to inject into the *transmission system* at the relevant *system injection point* on the relevant *gas day* and the timing of such injections (unless instructed by *VENCorp* to do otherwise);
 - (2) each *withdrawal nomination* submitted by that *Market Participant* will be made in good faith and represent that *Market Participant's* best estimate of the quantities of gas which it expects to withdraw from the *transmission system* at the relevant *system withdrawal zone* on the relevant *gas day* and the timing of such withdrawals (unless instructed by *VENCorp* to do otherwise); and
 - (3) if *scheduled* to do so by *VENCorp*, it will be able to modify the quantities of gas which it injects into, or withdraws from, the *transmission system* on a *gas day* in accordance with the *inc/dec offers* submitted by that *Market Participant* in respect of that *gas day*.
 - (g) To avoid doubt, the aggregate quantities of gas (if any) which a *Market Participant* nominates for injection into the *transmission system* on a *gas day* need not be equal to the aggregate quantities of gas (if any) which that *Market Participant* nominates for withdrawal from the *transmission system* on that *gas day*.
 - (h) A *Market Participant* who knows or believes that it will not, or that it is unlikely to be able to, comply in any material respect with the injections or withdrawals *scheduled* for that *Market Participant* in a *final operating schedule* must immediately notify *VENCorp* of that fact and the extent of the known or likely non-compliance.
 - (i) The acceptance or *scheduling* of a *nomination* or an *inc/dec offer* by *VENCorp*, or the failure by *VENCorp* to reject a *nomination* or an *inc/dec offer*, will not constitute an offer or undertaking by *VENCorp* to receive, convey or deliver any quantity of gas.

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3.1.11 Priority of inc/dec offers

If the information provided in *inc/dec offers* implies that two or more *inc/dec offers* are equally beneficial for *scheduling*, then *VENCorp* must *schedule* those offers in accordance with the following principles:

- (a) an *injection inc/dec offer* should be *scheduled* before a *withdrawal inc/dec offer*;
- (b) where two or more *injection inc/dec offers* are equally beneficial, those *injection inc/dec offers* should be *scheduled* as far as practicable to the same extent; and
- (c) where two or more *withdrawal inc/dec offers* are equally beneficial, those *withdrawal inc/dec offers* should be *scheduled* as far as practicable to the same extent.

3.1.12 Preliminary and final operating schedules

- (a) *VENCorp* must use the following inputs and assumptions for the purpose of producing *preliminary operating schedules* and *final operating schedules* for a *gas day*:
 - (1) the *nominations* and *inc/dec offers* submitted by *Market Participants* in respect of that *gas day*, including any conditions or constraints included in such *inc/dec offers* in accordance with clause 3.1.5(f);
 - (2) *VENCorp's* demand projections by location for that *gas day* including any margin for *system security*, as determined in accordance with the *gas scheduling procedures*;
 - (3) the linepack required by *VENCorp* in respect of that *gas day*;
 - (4) any equations or constraints relating to the flow of gas in the *transmission system*, including without limitation mass, gas flow and minimum and maximum operating pressures;
 - (5) in the case of *operating schedules* produced in respect of a *gas day* prior to that *gas day*, the forecast condition of the flow of gas in the *transmission system* at the start of that *gas day*, including without limitation mass, operating pressures and quantity and distribution of linepack;
 - (6) in the case of *final operating schedules* produced in respect of a *gas day* on that *gas day*, the actual condition of the flow of gas in the *transmission system*, including without limitation mass, operating pressures and quantity and distribution of linepack;
 - (7) the actual or forecast state or condition of the *pipelines* and *pipeline equipment* which constitute the *transmission system*; and
 - (8) any other inputs or assumptions specified for that purpose in the *gas scheduling procedures*.

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- (b) The inputs and assumptions set out in clause 3.1.12(a) are to be applied by *VENCorp* in an optimisation program in which *nominations, inc/dec offers* and *EoD linepack bids* submitted by *Market Participants* are used to produce *preliminary operating schedules* and *final operating schedules* which specify injections and withdrawals for each hour of the *gas day* in a way that minimises the cost of satisfying demand for gas over that *gas day* taking account of any *transmission constraints* affecting the transmission or storage of gas in the *transmission system* during that *gas day*.
 - (c) Each day *VENCorp* must *publish*:
 - (1) by 1.00 pm, a *preliminary operating schedule* covering each hour in the *gas day* starting at 9.00 am on the second day after the current day;
 - (2) by 10.00 am, a *preliminary operating schedule* covering each hour in the *gas day* starting at 9.00 am on the day after the current day; and
 - (3) as soon as reasonably practicable and in any event by 9.00 am, a *final operating schedule* covering each hour in the *gas day* starting at 9.00 am on the current day.
 - (d) If, after a *preliminary operating schedule* or a *final operating schedule* has been *published*, a change in circumstances occurs which *VENCorp* considers is likely to have a material effect on the operation of the *transmission system* on the *gas day* in respect of which such schedule is made, *VENCorp* must *publish* a further *preliminary operating schedule* or *final operating schedule* (as the case may be) in respect of that *gas day* as soon as reasonably practicable.
 - (e) Each *preliminary operating schedule* and *final operating schedule* must include the information set out in clause 5.1.4(b).
 - (f) All material factors which *VENCorp* takes into account for the purposes of preparing a *preliminary operating schedule* or a *final operating schedule* must be recorded by *VENCorp* so that the *gas scheduling procedures* can be properly audited.
 - (g) *VENCorp* must maintain records relating to the *scheduling* process undertaken by *VENCorp* in respect of each *gas day* and make those records available to any *Market Participant*, subject to the *Market Participant* paying the reasonable costs incurred by *VENCorp* in making those records available.
 - (h) *VENCorp* must issue *scheduling instructions* to each *Market Participant* by no later than 9.00 am on each day, specifying the quantities of gas which each *Market Participant* is *scheduled* to inject or withdraw for each hour of the *gas day* commencing at 9.00 am on that day at each *injection point* and *withdrawal zone*.
 - (i) *VENCorp* may make changes to the *final operating schedule* by issuing *scheduling instructions* during the *gas day* in accordance with the *gas scheduling procedures*.

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- (j) *VENCorp* must ensure that all *scheduling instructions* and the times at which they are issued are automatically logged electronically or otherwise recorded.

3.1.13 Failure to conform to scheduling instructions

- (a) Subject to clauses 3.1.13(b) and (d), if *VENCorp* issues a *scheduling instruction* in respect of an *injection nomination* or an *inc/dec offer*, the *Market Participant* who submitted the *injection nomination* or the *inc/dec offer* must comply with the *scheduling instruction* in all material respects.
- (b) If a *Market Participant* is unable to comply in all material respects with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*, it must:
- (1) notify *VENCorp* that it is unable to comply with the *scheduling instruction* as soon as practicable after it becomes aware of its failure to comply and give the reasons for the failure; and
 - (2) provide *VENCorp* with such evidence of the reasons for the failure as *VENCorp* may reasonably require.
- (c) If a *Market Participant* is unable to comply in all material respects with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*, *VENCorp* must notify all *Market Participants* of that fact and *VENCorp* must, on request, provide details of the reasons for the failure to comply if and to the extent that those reasons have been provided.
- (d) A *Market Participant* is not obliged to comply with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer* if it is unable to do so:
- (1) due to a technical fault or failure which, in the opinion of *VENCorp*, was outside that *Market Participant's* control; or
 - (2) in the case of an *injection nomination* or an *injection inc/dec offer*, because the *Market Participant* ordered a quantity of gas from a *Producer* or other person to enable it to comply with that *injection nomination* or *injection inc/dec offer* and that *Producer* or other person was only required, under the terms of its contract with that *Market Participant*, to use its reasonable endeavours to deliver that quantity of gas and that *Producer* or other person does not in fact deliver that quantity of gas.
- (e) Subject to clauses 3.1.13(b) and (d), if a *Market Participant* fails to comply in any material respect (as determined by *VENCorp* in its reasonable opinion) with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*, then:
- (1) the gas injection or gas withdrawal which is the subject of that *scheduling instruction* must be declared by *VENCorp* to be non-conforming; and

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- (2) the relevant *Market Participant* may be liable to pay financial penalties or other sanctions imposed under the *Gas Industry Act* for breach of these Rules.
 - (f) If a gas injection or gas withdrawal which is the subject of a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer* is declared by *VENCorp* to be non-conforming in accordance with clause 3.1.13(e):
 - (1) *VENCorp* must notify the relevant *Market Participant* that the gas injection or gas withdrawal does not conform and request a reason for the *Market Participant's* failure to comply with the *scheduling instruction*; and
 - (2) if the relevant *Market Participant* fails to respond to the request set out in clause 3.1.13(f)(1) or if *VENCorp* is not satisfied that the relevant *Market Participant* will respond to any future *scheduling instruction*, *VENCorp* may *intervene* by issuing directions or requiring the *Market Participant* to take action in accordance with clause 6.6 (which *intervention* may include requiring the *Market Participant* to inject or withdraw gas at a constant rate).
 - (g) Until a *Market Participant* responds to a request under clause 3.1.13(f)(1) and *VENCorp* is satisfied that the *Market Participant* will respond to future *scheduling instructions*, the gas injection or gas withdrawal which is the subject of the relevant *injection nomination* or *inc/dec offer* will continue to be non-conforming.

3.1.14 Scheduling errors

- (a) If either:
 - (1) the *dispute resolution panel* determines under clause 7.2 that *VENCorp* has failed to follow the *gas scheduling procedures* for the purpose of issuing *scheduling instructions*; or
 - (2) *VENCorp* declares that it has not complied with the *gas scheduling procedures* for the purpose of issuing *scheduling instructions*,a *scheduling error* will be deemed to have occurred and a *Market Participant* may be entitled to compensation in accordance with clause 3.3.3.
- (b) *Market prices* are not to be adjusted when a *scheduling error* is deemed to have occurred.

3.1.15 Injection and withdrawal confirmations

- (a) Each *Participant* who is registered as a *Producer* or a *Storage Provider* under clause 2.1(a) must by no later than 4.00 pm on each day notify *VENCorp* of the total quantity of gas that it intends to inject into, and withdraw from, the *transmission system* on its own account (if any) and on behalf of *Market Participants* during the *gas day* commencing on the following day.

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- (b) If, for any reason, there is a material change to the quantity of gas previously notified by a *Participant* under this clause 3.1.15, then the *Participant* must promptly notify *VENCorp* of the change.

3.1.16 Title to gas

- (a) Until such time as title to gas injected by a *Market Participant* is transferred to another *Market Participant* or to the *Market Participants* as owners in common in accordance with clause 3.1.16(b), title to gas injected into the *transmission system* shall at all times remain with the *Market Participant* which injected such gas or, if a *Market Participant* has injected gas, or arranged for gas to be injected, into the *transmission system* as agent, the principal on whose behalf such gas was injected.
- (b) *VENCorp* must establish rules for determining ownership of gas in the *transmission system* and the times and places at which title to gas is transferred between *Market Participants* as a result of transactions in gas effected in accordance with these Rules.
- (c) In the event of a dispute between *Participants* relating to the ownership of gas in the *transmission system*, *VENCorp* must determine the dispute in accordance with the rules established pursuant to clause 3.1.16(b) and any such determination shall be binding on all *Participants*.
- (d) Each *Market Participant* warrants to *VENCorp* that:
 - (1) it will have title to all gas injected into, or tendered for injection into, the *transmission system* by it at any *system injection point* or, where the *Market Participant* is acting as agent in respect of a quantity of gas so injected, it will be unconditionally and irrevocably authorised to transfer title to such gas to such person as *VENCorp* may determine in accordance with these Rules; and
 - (2) all such gas will (at the *system injection point*) be free of any lien, charge or encumbrance or adverse claim (as to title or otherwise), including any claim for any tax, royalty or other charge in respect of the production, gathering, processing and tendering of gas arising on or before injection of gas into the *transmission system*.
- (e) Each *Market Participant* unconditionally and irrevocably authorises *VENCorp* to effect any transfer of title to gas injected by it into the *transmission system* and to determine the time and place of transfer and the quantities of gas transferred in accordance with these Rules.
- (f) Each *Market Participant* must indemnify *VENCorp* and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against *VENCorp* in consequence of any breach of the warranties in clause 3.1.16(d).

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- (g) *VENCorp* makes no warranty regarding the merchantability or suitability for any purpose of gas delivered at a *system withdrawal point* and all implied warranties are excluded to the maximum extent permitted by law.
- (h) Custody and control, and risk of loss, of gas injected into the *transmission system* at a *system injection point* shall pass to *VENCorp*.
- (i) Custody and control, and risk of loss, of gas withdrawn from the *transmission system* at a *system withdrawal point* shall pass to the *Market Participant* who has title to that gas at that *system withdrawal point* immediately prior to such withdrawal or, where a *Market Participant* has injected gas as agent for a third party, to the *Market Participant* whose principal has title to gas at that *system withdrawal point* immediately prior to such withdrawal.
- (j) *VENCorp* has the right to co-mingle a *Market Participant's* gas with other gas in the *transmission system*.
- (k) Each *Market Participant* acknowledges and accepts that the gas delivered to it at a *system withdrawal point* may not match the specifications of the gas injected, or tendered for injection, into the *transmission system* by that *Market Participant* at a *system injection point*.

3.2 DETERMINATION OF MARKET PRICE

3.2.1 Determination of market price

- (a) The *market price* for each *trading interval* and each *pricing zone* is to be determined by *VENCorp* in accordance with this clause 3.2.
- (b) After the end of each *gas day*, *VENCorp* must produce a *pricing schedule* in accordance with clause 3.2.1(e) for the purpose of determining the *market price* for each *pricing zone* and each *trading interval* for that *gas day*.
- (c) *VENCorp* must use the following inputs for the purpose of producing the *pricing schedule* for a *gas day* and for the purpose of doing so, *VENCorp* is to assume that there are no *transmission constraints* affecting the transportation or storage of gas in the *transmission system* during that *gas day*:
 - (1) valid *nominations* and valid *inc/dec offers* submitted by the *Market Participant* in respect of that *gas day*;
 - (2) the actual market demand (as defined in clause 3.2.1(d)) for each hour of that *gas day*;
 - (3) the actual quantities of gas injected into the *transmission system* during each hour of that *gas day*;
 - (4) the quantity of *EoD linepack* purchased by *Market Participants* in respect of the previous *gas day* in accordance with clause 3.4.2;
 - (5) valid *EoD linepack bids* submitted by *Market Participants* in respect of that *gas day*; and
 - (6) *EoD linepack capacity*,and any other inputs or assumptions specified for that purpose in the *gas scheduling procedures*.
- (d) For the purpose of clause 3.2.1(c), the “actual market demand” means, in respect of each hour of the *gas day*, the sum of:
 - (1) the total quantity of gas withdrawn from the *transmission system* in that hour of the *gas day* as determined in accordance with clause 4.4 less the total quantity of gas withdrawn in that hour of the *gas day* at a *delivery point* in respect of which accreditation has been given by *VENCorp* under clause 3.1.6 and in respect of which a *withdrawal inc/dec offer* has been submitted; plus
 - (2) the maximum quantity of gas withdrawals specified (whether or not such gas is actually withdrawn) in valid *withdrawal inc/dec offers* submitted in respect of that hour of the *gas day* by *Market Participants* who are accredited by *VENCorp* under clause 3.1.6; plus

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- (3) the amount (which amount may be less than zero) by which the total quantity of gas injected into the *transmission system* in that hour of the *gas day* determined in accordance with clause 4.4 is less than the total quantity of gas *scheduled* to be injected into the *transmission system* in accordance with *scheduling instructions* issued by *VENCorp*; plus
 - (4) the security margin for that *gas day* as determined in accordance with the *gas scheduling procedures*.
- (e) The inputs and assumptions set out in clause 3.2.1(c) are to be applied by *VENCorp* in an optimisation program in which *nominations, inc/dec offers* and *EoD linepack bids* submitted by *Market Participants* are used to produce a *pricing schedule* which specifies injections and withdrawals of gas to be made in each *trading interval* and each *pricing zone* in a way which minimises the cost of satisfying the actual market demand for gas (as defined under clause 3.2.1(d)) in that *trading interval* and for the purpose of doing so, *VENCorp* is to assume that there are no *transmission constraints* affecting the transportation or storage of gas in the *transmission system* during that *gas day*.
- (f) The *pricing schedule* for a *gas day* will determine:
- (1) the *market price* for each *pricing zone* for that *gas day*;
 - (2) the quantity of gas that each *Market Participant* would have been *scheduled* to inject and/or withdraw in each hour of the *gas day* on the basis of the inputs and assumptions applied under clause 3.2.1(c);
 - (3) the quantity of *EoD linepack* (if any) purchased by each *Market Participant* who submitted an *EoD linepack bid* in respect of that *gas day*; and
 - (4) the price of *EoD linepack capacity* for that *gas day*.
- (g) *VENCorp* must *publish* the *market price* in accordance with clause 5.1.4(e).

3.2.2 Pricing in the event of force majeure event or suspension of the market

- (a) Subject to clause 3.2.2(c), in the event of a *force majeure event* or if *VENCorp* has suspended the *market* under clause 6.7.3, *VENCorp* must, if and to the extent that *VENCorp* considers it reasonably possible to do so, use:
- (1) the *gas scheduling procedures*; and
 - (2) the *pricing schedule*,
- to determine the *market price* in each *pricing zone* and for each *trading interval* during which that *force majeure event* or suspension continues.
- (b) If *VENCorp* reasonably considers that it is unable to properly determine the *market price* under clause 3.2.2(a), *VENCorp* must, subject to clause 3.2.2(c), determine the *market price* for that *trading interval* and *pricing zone* using any other available knowledge and information that *VENCorp* considers to be relevant

and reasonable, including but not limited to any forecast prices most recently *published* under clause 5.1.4 in relation to that *trading interval*.

- (c) If *VENCorp* determines the *market price* under clause 3.2.2(a) or (b):
 - (1) it must do so in accordance with this clause 3.2, if and to the extent that *VENCorp* considers it reasonably possible to do so; and
 - (2) the *market price* must not exceed the *administered price cap*.

3.2.3 Failure of scheduling software/systems

- (a) Subject to clause 3.2.3(c), if:
 - (1) there is no *force majeure event* and/or the *market* has not been suspended in a *trading interval* and a *pricing zone*; and
 - (2) *VENCorp* is unable to determine the *market price* in respect of that *trading interval* and *pricing zone* in accordance with this clause 3.2 as a result of a failure of *scheduling* software or systems or for any other reason,

VENCorp must, if and to the extent *VENCorp* considers it reasonably possible to do so, use:

- (3) the *gas scheduling procedures*; and
- (4) the *pricing schedule*,

to determine the *market price* for that *trading interval* and that *pricing zone* in respect of which *VENCorp* is unable to determine the *market price* in accordance with this clause 3.2.

- (b) If *VENCorp* reasonably considers that it is unable to properly determine the *market price* under clause 3.2.3(a) for a *trading interval* and *pricing zone* during which *VENCorp* is otherwise unable to determine the *market price* in accordance with this clause 3.2, *VENCorp* must, subject to clause 3.2.3(c), determine the *market price* for that *trading interval* and *pricing zone* using any other available knowledge and information that *VENCorp* considers to be relevant and reasonable, including but not limited to any forecast prices most recently *published* under clause 5.1.4 in relation to that *trading interval*.
- (c) If *VENCorp* determines the *market price* under clause 3.2.3(a) or (b),
 - (1) it must do so in accordance with this clause 3.2, if and to the extent that *VENCorp* considers it reasonably possible to do so; and
 - (2) the *market price* must not exceed the *administered price cap*.

3.2.4 VoLL

- (a) If hourly injections and withdrawals of gas as determined under clause 3.2.1(f)(2) imply that *curtailment* would have occurred in a *pricing zone* in a *trading*

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interval (whether or not *curtailment* actually occurs) the *market price* for that *pricing zone* and that *trading interval* is *VoLL*.

- (b) Subject to clause 3.2.4(e), the value of *VoLL* is \$800/GJ.
- (c) Within twelve months of the *commencement date*, *VENCorp* must conduct a review of the value of *VoLL* in accordance with the *public consultation procedures*.
- (d) After the initial review of *VoLL* referred to in clause 3.2.4(c), *VENCorp* must undertake a review of *VoLL* in accordance with this clause 3.2.4 at intervals not exceeding two years.
- (e) If *VENCorp* determines that the value of *VoLL* should be changed as a result of the reviews referred to in clauses 3.2.4(c) and (d), *VENCorp* must propose that the value of *VoLL* be changed in accordance with the rule change procedures in chapter 8.
- (f) Any change to the value of *VoLL* must take effect within six months of the date on which the notice of the change is *published* in accordance with clause 8.8(b).

3.2.5 Transition to hourly locational pricing

With effect from 1 December 2000, these Rules are to be amended, as necessary in accordance with clause 9.1.1, to change from daily pricing using one *pricing zone* to hourly, locational pricing.

3.3 PARTICIPANT COMPENSATION FUND

3.3.1 Establishment of the participant compensation fund

VENCorp must establish and maintain a fund to be called the *participant compensation fund* for the purpose of paying compensation to *Market Participants* for *scheduling errors* as determined by the *dispute resolution panel*.

3.3.2 Funding the participant compensation fund

- (a) Each year *VENCorp* must collect from each *Market Participant*, and each *Market Participant* must pay to *VENCorp*, an amount calculated in accordance with clause 3.3.2(d).
- (b) Subject to clause 3.3.2(c), the funding requirement for the *participant compensation fund* for each *financial year* until 30 June 2001 is the lesser of:
 - (1) \$500,000; and
 - (2) \$2,000,000 minus the amount which *VENCorp* reasonably considers will be the balance of the *participant compensation fund* at the end of the relevant *financial year*.
- (c) The amount of the funding requirement referred to in clause 3.3.2(b):
 - (1) can be varied from time to time by *VENCorp* in consultation with *Market Participants* and with the prior written consent of the *Regulator*; and
 - (2) must be reviewed by *VENCorp* prior to 30 June 2001 to determine whether it has been set at an appropriate level, taking into consideration the amount of compensation paid from it in each *financial year* and any change to the amount of the funding requirement which results from that review must take effect from 1 July 2001.
- (d) *VENCorp* must, no later than the date of issue of the first preliminary *settlement statement* in each *financial year* calculate a contribution rate for contributions to the *participant compensation fund* which is to apply for that *financial year* by dividing the funding requirement determined in accordance with clause 3.3.2(b) by *VENCorp's* reasonable forecast of the aggregate quantity of gas which it expects all *Market Participants* will withdraw from the *transmission system* for the relevant *financial year*.
- (e) *VENCorp* must, no later than the date of issue of the first preliminary *settlement statement* in each *financial year*, *publish* the funding requirement determined in accordance with clause 3.3.2(b), the contribution rate determined in accordance with clause 3.3.2(d), and the basis on which that funding requirement and that contribution rate have been determined.
- (f) Each *Market Participant* must pay as part of the *settlement amount* payable by that *Market Participant* in respect of each *settlement period*, an amount calculated

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by multiplying the contribution rate determined in accordance with clause 3.3.2(d) by the aggregate quantity of gas withdrawn from the *transmission system* by that *Market Participant* during the relevant *settlement* period as determined from *metering data* in accordance with clause 4.4.

- (g) The component of the *settlement amount* payable by a *Market Participant* in respect of the *participant compensation fund* must be paid into the *participant compensation fund*.
- (h) *Participants* will not be entitled to a refund of any contributions made to the *participant compensation fund*.
- (i) The *participant compensation fund* is to be maintained by *VENCorp* and is the property of *VENCorp*.
- (j) Any interest paid on money held in the *participant compensation fund* will accrue to and form part of the *participant compensation fund*.
- (k) *VENCorp* will pay from the *participant compensation fund*:
 - (1) all income tax on interest earned by the *participant compensation fund*;
 - (2) all bank account debit tax, financial institutions duty and bank fees in relation to the *participant compensation fund*; and
 - (3) compensation to *Market Participants* in accordance with clause 3.3.3.

3.3.3 Dispute Resolution Panel to determine compensation

If a *scheduling error* has occurred, the *dispute resolution panel* must determine, subject to clause 3.3.4:

- (a) which *Market Participants* are to receive compensation from the *participant compensation fund* in respect of that *scheduling error*; and
- (b) the amount of compensation each *Market Participant* is to receive.

3.3.4 Compensation limited

The aggregate amount of compensation paid each year from the *participant compensation fund* must not exceed the balance of the *participant compensation fund* that would have been available at the end of that year had no compensation payments been made that year and therefore the *dispute resolution panel* must, when making a determination, take into account:

- (a) the balance of the *participant compensation fund* at the time the determination is being made; and
- (b) the possibility that further compensation payments will be required to be made during that year.

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3.3.5 Manner and timing of compensation payments

The manner and timing of payments from the *participant compensation fund* will be determined by the *dispute resolution panel*.

3.3.6 VENC Corp and its officers not liable

Neither *VENC Corp* nor its officers are liable in respect of a *scheduling error*, except out of the *participant compensation fund* as contemplated under this clause 3.3.

3.4 EoD LINEPACK

3.4.1 Purpose of this clause

This clause 3.4 sets out the basis on which:

- (a) a *Market Participant* may bid for *EoD linepack*; and
- (b) a *Market Participant* who purchases *EoD linepack* will receive *daily EoD linepack credits* or *daily EoD linepack debits* in respect of purchases and sales of *EoD linepack*.

3.4.2 Purchase of EoD linepack and determination of the price of EoD linepack and the price of EoD linepack capacity

- (a) A *Market Participant* may offer to purchase *EoD linepack* on a *gas day* by submitting an *EoD linepack bid* to *VENCorp* in respect of that *gas day* in accordance with clause 3.1.8.
- (b) Subject to clauses 3.4.2(c) to (h), *VENCorp* must allocate *EoD linepack* pursuant to *EoD linepack bids* and determine the price for *EoD linepack* and the price of *EoD linepack capacity* in respect of each *gas day* in accordance with the *gas scheduling procedures* and the *pricing schedule*.
- (c) Only *Market Participants* whose *EoD linepack bids* in respect of a *gas day* specify prices equal to or greater than the *market price* for that *gas day* will be allocated any *EoD linepack*.
- (d) The aggregate amount of *EoD linepack* allocated to *Market Participants* in respect of a *gas day* must not exceed the *EoD linepack capacity*.
- (e) If the amount of *EoD linepack* bid for in respect of a *gas day* at a price equal to or greater than the *market price* for that *gas day* exceeds the *EoD linepack capacity*, the price of *EoD linepack* for that *gas day* will be determined by *VENCorp*, in accordance with *gas scheduling procedures*, as the price necessary to ensure that the amount of *EoD linepack* allocated in respect of that *gas day* is equal to the *EoD linepack capacity*.
- (f) The price of *EoD linepack capacity* on a *gas day* is equal to the price of *EoD linepack* on that *gas day* as determined by *VENCorp* in accordance with this clause 3.4.2 less the *market price* for that *gas day*.
- (g) If the amount of *EoD linepack* allocated in respect of a *gas day* is less than the amount of the *EoD linepack capacity*, the price of *EoD linepack capacity* on that *gas day* is zero.
- (h) *VENCorp* must notify each *Market Participant* who has submitted an *EoD linepack bid* in respect of a *gas day* as soon as reasonably practicable after the end of that *gas day* of the quantity of *EoD linepack* (if any) allocated to that *Market Participant* and the *EoD linepack price* .

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3.4.3 Effect of acceptance of EoD linepack bids

- (a) Where *EoD linepack* is allocated to a *Market Participant* in respect of a *gas day* (referred to in this clause as the “*current gas day*”) in accordance with clause 3.4.2:
 - (1) the quantity of *EoD linepack* allocated is deemed to have been purchased by that *Market Participant* on the *current gas day* at the price of *EoD linepack* for the *current gas day*;
 - (2) the quantity of *EoD linepack* allocated to that *Market Participant* (if any) in respect of the immediately preceding *gas day* is deemed to be sold by the *Market Participant* on the *current gas day* at the *market price* for the *current gas day*; and
 - (3) such deemed purchases and sales are to be taken into account in determining that *Market Participant’s daily EoD linepack credits* or *daily EoD linepack debits*.
- (b) Save as set out in this clause 3.4.3, the acceptance by *VENCorp* of a *Market Participant’s EoD linepack bid* and the allocation of *EoD linepack* to a *Market Participant* does not confer any rights or privileges on the *Market Participant*, nor does it confer on the *Market Participant* any right, title or interest in or to any gas.

3.4.4 Determination of EoD linepack capacity

- (a) Prior to the commencement date, *VENCorp* must:
 - (1) determine the total amount of *EoD linepack capacity* which must be made available to *Market Participants* on the *commencement date*; and
 - (2) *publish* the total amount of *EoD linepack capacity* determined by it pursuant to this clause 3.4.4 and the basis of its determination.
- (b) If, at any time after the *commencement date*, *VENCorp* considers that there has been a material change in the amount of *EoD linepack capacity*, *VENCorp* must determine and *publish* the amount of *EoD linepack capacity* and the basis of its determination.

3.5 ALLOCATION AND RECONCILIATION

3.5.1 Daily quantities

For the purposes of these Rules, including determining:

- (a) *trading imbalances* under clause 3.6.4; and
- (b) *market fees* under clause 2.6,

the quantity of gas treated as injected into and withdrawn from the *transmission system* by each *Market Participant* each *gas day* shall be determined in accordance with this clause 3.5.

3.5.2 Injection allocations

- (a) Where gas is injected, or tendered for injection, at a *system injection point* by more than one *Market Participant*, the *Market Participants* who inject gas, or tender gas for injection, at that *system injection point* must together appoint a single *Allocation Agent* to determine the quantity of gas which is to be treated as injected into the *transmission system* by each of those *Market Participants* from time to time at that *system injection point*.
- (b) Unless otherwise agreed by *VENCorp*, a *Market Participant* must not submit *nominations* or *inc/dec offers* in respect of a *system injection point* to which clause 3.5.2(a) applies or inject, or tender for injection, gas at a *system injection point* to which clause 3.5.2(a) applies unless:
 - (1) that *Market Participant* has appointed the *Allocation Agent* for that *system injection point* for the purpose described in clause 3.5.2(a); and
 - (2) the *Allocation Agent* for that *system injection point* has confirmed to *VENCorp* that it has been appointed by that *Market Participant* for the purpose described in clause 3.5.2(a),

provided that, notwithstanding any other provision of this clause 3.5, if an *Allocation Agent* has not been appointed by a *Market Participant* for a *system injection point* or such an *Allocation Agent* has ceased to act in respect of that *system injection point* for any reason whatsoever, *VENCorp* may, with the approval of the *Regulator*, appoint an *Allocation Agent* for that *system injection point* and such an appointment shall be deemed to be that of that *Market Participant*.

- (c) Only one *Allocation Agent* shall be appointed for each *system injection point*.
- (d) Each *Market Participant* must immediately notify *VENCorp* if an *Allocation Agent* ceases to be appointed by it in relation to any *system injection point*.
- (e) Each *Market Participant* who appoints an *Allocation Agent* must for the term of that appointment ensure that such *Allocation Agent* complies with the provisions of this clause 3.5.

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- (f) If an *Allocation Agent* does not comply with the provisions of this clause 3.5, *VENCorp* is not required to have regard to any *injection allocation statement* submitted by that *Allocation Agent* and clause 3.5.2(m) will apply for the purpose of *allocation*.
 - (g) Each *Allocation Agent* must, in respect of each *system injection point* in relation to which it has been appointed, give to *VENCorp*, not later than the third day after each *gas day* or such later time as *VENCorp* may agree with that *Allocation Agent*, a statement in respect of that *gas day* specifying:
 - (1) the identity of the *system injection point*;
 - (2) the *gas day* to which the statement relates;
 - (3) the identity of each *Market Participant* which injected gas into the *transmission system* at that *system injection point* on that *gas day*;
 - (4) the total quantity of gas injected into the *transmission system* at that *system injection point* during each *trading interval* on that *gas day*; and
 - (5) the quantity of gas which is to be treated as injected by each *Market Participant* into the *transmission system* at that *system injection point* on each *trading interval* during that *gas day*.
 - (h) The total quantity of gas *allocated* by each *Allocation Agent* in respect of a *trading interval* at a *system injection point* must equal the total quantity of gas injected into the *transmission system* during that *trading interval* at that *system injection point* (as measured and determined in accordance with clause 4.4).
 - (i) Where an *injection allocation statement* has been submitted by an *Allocation Agent* which specifies a *Market Participant* as having injected a quantity of gas into the *transmission system* at a *system injection point* on a *gas day*, that *Market Participant* may submit to *VENCorp*, not later than the third day after that *gas day* or such later time as *VENCorp* may agree with that *Market Participant*, a *sub-allocation statement* specifying:
 - (1) that such quantity is to be treated as having been injected into the *transmission system* at that *system injection point* by one or more *Market Participants* (who may include the *Market Participant* specified in the *injection allocation statement*);
 - (2) the identity of those *Market Participants*;
 - (3) the *gas day* to which the statement relates; and
 - (4) the quantity which is to be treated as having been injected by each of those *Market Participants*.
 - (j) *VENCorp* is not required to have regard to any *sub-allocation statement* unless each *Market Participant* identified in that *sub-allocation statement* has confirmed in writing to *VENCorp* that it has appointed the *Sub-allocation Agent* for the relevant *system injection point* for the purposes of clause 3.5.2(i).

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- (k) *VENCorp* is entitled to rely on any *injection allocation statement* or *sub-allocation statement* which has been submitted by an *Allocation Agent* or a *Sub-allocation Agent* for the purposes of determining the quantities of gas treated as injected into the *transmission system* by all *Market Participants* who have appointed that *Allocation Agent* or *Sub-allocation Agent*.
- (l) If:
- (1) an *Allocation Agent* has not been appointed in respect of a *system injection point*; or
 - (2) *VENCorp* is notified by a *Market Participant* that the appointment of an *Allocation Agent* in respect of a *system injection point* has been terminated by that or any other *Market Participant*,

VENCorp must determine the quantities of gas which are to be treated as injected by *Market Participants* at that *system injection point* in accordance with clause 3.5.2(m) and, in the case of paragraph (2) of this clause 3.5.2(l), must disregard any *injection allocation statement* subsequently given by that *Allocation Agent* in respect of that *system injection point*.

- (m) If clauses 3.5.2(f) or (l) apply, *VENCorp* must determine the quantity of gas which is to be treated as having been injected by each *Market Participant* at the relevant *system injection point* in accordance with the following formula:

$$Q = MQ \times \frac{SQ_i}{\sum SQ_j}$$

Where:

Q is the quantity of gas which is to be treated as having been injected by that *Market Participant* at that *system injection point* in a *trading interval*;

MQ is the actual quantity of gas injected into the *transmission system* at that *system injection point* in that *trading interval*;

SQ_i is the quantity of gas *scheduled* by *VENCorp* for injection by that *Market Participant* at that *system injection point* in that *trading interval*; and

ΣSQ_j is the total quantity of gas *scheduled* by *VENCorp* for injection by all *Market Participants* at that *system injection point* in that *trading interval*,

provided that *VENCorp* may, with the approval of the *Regulator* and on prior notice given to any affected *Market Participant*, vary the above formula, or use a different formula, in any case where it is established that the application of the above formula, in all the circumstances, affords undue preference to that *Market Participant* and undue prejudice to other *Market Participants* and in exercising its discretion under this proviso, *VENCorp* may, with the approval of the *Regulator*, have regard to title to gas.

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- (n) An *Allocation Agent* may be appointed to act in relation to more than one *system injection point* and may also be appointed to act in relation to one or more *system withdrawal points*.

3.5.3 Withdrawal allocations - non-SAW points

- (a) Where gas is withdrawn, or tendered for withdrawal, at a *non-SAW point* by more than one *Market Participant* and there are insufficient *metering installations* installed to enable *VENCorp* to determine the quantity of gas withdrawn at that *non-SAW point* by each *Market Participant*, the *Market Participants* who withdraw gas, or tender gas for withdrawal, at that *non-SAW point* must together appoint a single *Allocation Agent* to determine the quantity of gas which is to be treated as withdrawn from the *transmission system* by each of those *Market Participants* from time to time at that *non-SAW point*.
- (b) Unless otherwise agreed by *VENCorp*, a *Market Participant* must not submit *nominations* or *inc/dec offers* in respect of a *non-SAW point* to which clause 3.5.3(a) applies or withdraw, or tender for withdrawal, gas at a *non-SAW point* to which clause 3.5.3(a) applies unless:
- (1) that *Market Participant* has appointed the *Allocation Agent* for that *non-SAW point* for the purpose described in clause 3.5.3(a); and
 - (2) the *Allocation Agent* for that *non-SAW point* has confirmed to *VENCorp* that it has been appointed by that *Market Participant* for the purpose described in clause 3.5.3(a).
- (c) Only one *Allocation Agent* shall be appointed for each *non-SAW point*.
- (d) Each *Market Participant* must immediately notify *VENCorp* if an *Allocation Agent* ceases to be appointed by it in relation to any *non-SAW point*.
- (e) Each *Market Participant* who appoints an *Allocation Agent* must ensure for the term of the appointment that such *Allocation Agent* complies with the provisions of this clause 3.5.
- (f) If an *Allocation Agent* does not comply with the provisions of this clause 3.5, *VENCorp* is not required to have regard to any *withdrawal allocation statement* submitted by that *Allocation Agent* and clause 3.5.3(m) will apply for the purpose of determining *allocations*.
- (g) Each *Allocation Agent* must, in respect of each *non-SAW point* in respect of which it has been appointed, give to *VENCorp*, not later than the third day after each *gas day* or such later time as *VENCorp* may agree with that *Allocation Agent*, a statement in respect of that *gas day* specifying:
- (1) the identity of the *non-SAW point*;
 - (2) the *gas day* to which the statement relates;
 - (3) the identity of each *Market Participant* which withdraws gas from the *transmission system* at that *non-SAW point* on that *gas day*;

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- (4) the total quantity of gas withdrawn from the *transmission system* at that *non-SAW point* during each *trading interval* on that *gas day*; and
 - (5) the quantity of gas which is to be treated as withdrawn by each *Market Participant* from the *transmission system* at that *non-SAW point* on each *trading interval* during that *gas day*.
- (h) The total quantity of gas *allocated* by each *Allocation Agent* in respect of a *trading interval* at a *non-SAW point* must equal the total quantity of gas withdrawn from the *transmission system* during that *trading interval* at that *non-SAW point* (as measured and determined in accordance with clause 4.4).
 - (i) Where a *withdrawal allocation statement* has been submitted by an *Allocation Agent* which specifies a *Market Participant* as having withdrawn a quantity of gas from the *transmission system* at a *non-SAW point* on a *gas day*, that *Market Participant* may submit to *VENCorp*, not later than the third day after each *gas day* or such later time as *VENCorp* may agree with that *Market Participant*, a *sub-allocation statement* specifying:
 - (1) that such quantity is to be treated as having been withdrawn from the *transmission system* at that *non-SAW point* by one or more *Market Participants* (who may include the *Market Participant* specified in the *withdrawal allocation statement*);
 - (2) the identity of those *Market Participants*;
 - (3) the *gas day* to which the statement relates; and
 - (4) the proportion of such quantity which is to be treated as having been withdrawn by each of those *Market Participants*.
 - (j) *VENCorp* is not required to have regard to any *sub-allocation statement* unless each *Market Participant* identified in that *sub-allocation statement* has confirmed in writing to *VENCorp* that it has appointed the *Sub-allocation Agent* for the relevant *non-SAW point* for the purposes of clause 3.5.3(i).
 - (k) *VENCorp* is entitled to rely on any *withdrawal allocation statement* or *sub-allocation statement* which has been submitted by an *Allocation Agent* or a *Sub-allocation Agent* for the purposes of determining the quantities of gas treated as withdrawn from the *transmission system* by all *Market Participants* who have appointed that *Allocation Agent* or *Sub-allocation Agent*.
 - (l) If:
 - (1) an *Allocation Agent* has not been appointed in respect of a *non-SAW point*;
or
 - (2) *VENCorp* is notified by a *Market Participant* that the appointment of an *Allocation Agent* in respect of a *non-SAW point* has been terminated by that or any other *Market Participant*,

VENCorp must determine the quantities of gas which are to be treated as withdrawn by *Market Participants* at that *non-SAW point* in accordance with clause 3.5.3(m) and, in the case of paragraph (2) of this clause 3.5.3(l), must disregard any *withdrawal allocation statement* subsequently given by that *Allocation Agent* in respect of that *non-SAW point*.

- (m) If clauses 3.5.3(f) or (l) apply, *VENCorp* must determine the quantity of gas which is to be treated as having been withdrawn by each *Market Participant* at the relevant *non-SAW point* in accordance with the following formula:

$$Q = MQ \times \frac{SQ_i}{\sum SQ_j}$$

Where:

Q is the quantity of gas which is to be treated as having been withdrawn by that *Market Participant* at that *non-SAW point* in a *trading interval*;

MQ is the actual quantity of gas withdrawn from the *transmission system* at that *non-SAW point* in that *trading interval*;

SQ_i is the quantity of gas *scheduled* by *VENCorp* for withdrawal by that *Market Participant* at that *non-SAW point* in that *trading interval*; and

ΣSQ_j is the total quantity of gas *scheduled* by *VENCorp* for withdrawal by all *Market Participants* at that *non-SAW point* in that *trading interval*,

provided that *VENCorp* may, with the approval of the *Regulator* and on prior notice given to any affected *Market Participant*, vary the above formula, or use a different formula, in any case where it is established that the application of the above formula, in all the circumstances, affords undue preference to that *Market Participant* and undue prejudice to other *Market Participants* and in exercising its discretion under this proviso, *VENCorp* may, with the approval of the *Regulator*, have regard to title to gas.

- (n) An *Allocation Agent* may be appointed to act in relation to more than one *non-SAW point* and may also be appointed to act in relation to one or more *system injection points*.

3.5.4 Withdrawal allocations - SAW points

- (a) *VENCorp* must establish prior to the *commencement date* an algorithm for the purpose of allocating the aggregate quantities of gas withdrawn by *Market Participants* from each *SAW point* to those *Market Participants*.
- (b) *VENCorp* may appoint any expert or adviser for the purpose of assisting in the development of the *allocation algorithm*.
- (c) *VENCorp* must, upon request, give a copy of the *allocation algorithm* to each *Market Participant* who, in *VENCorp's* reasonable opinion, will or is likely to be affected by the *allocation algorithm*.

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- (d) *VENCorp* must:
- (1) at any time *VENCorp* considers that the *allocation algorithm* does not effect an *allocation* in respect of gas withdrawn from the *transmission system* at each *SAW point* in a fair and reasonable way; or
 - (2) if *VENCorp* proposes to designate a *system withdrawal point* as a new *SAW point*; or
 - (3) upon written request by two or more *Participants* who, in *VENCorp's* reasonable opinion, are affected by the *allocation algorithm*; and
 - (4) in any event, at least once each year,
- undertake a review of the *allocation algorithm* and consult with all *Market Participants* who, in *VENCorp's* reasonable opinion, are affected by the *allocation algorithm* with a view to making any changes to the *allocation algorithm* which *VENCorp* considers necessary to effect a fair and reasonable *allocation*.

3.5.5 Reconciliation

- (a) *VENCorp* must establish, prior to the *commencement date*, *reconciliation procedures* for the purpose of carrying out a reconciliation and adjustment in respect of gas withdrawn from the *transmission system* at each *SAW point*, in respect of the differences between:
 - (1) the quantities determined as withdrawn by a *Market Participant* by application of the *allocation algorithm* in accordance with clause 3.5.4; and
 - (2) the quantities subsequently determined to have been withdrawn by that *Market Participant* upon the obtaining of *NDM meter* readings.
- (b) The *reconciliation procedures* will be used to determine *reconciliation amounts* for each *billing period*.
- (c) *VENCorp* must consult with all *Market Participants* who, in *VENCorp's* reasonable opinion, will or are likely to be affected by the *reconciliation procedures* with the intent of facilitating the agreement of all such *Market Participants* to the terms of the *reconciliation procedures*.
- (d) *VENCorp* may appoint any expert or adviser for the purpose of assisting in the development of the *reconciliation procedures*.
- (e) *VENCorp* must, upon request, give a copy of the *reconciliation procedures* to each *Market Participant* who, in *VENCorp's* reasonable opinion, will or is likely to be affected by the *reconciliation procedures*.
- (f) *VENCorp* must:

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- (1) at any time *VENCorp* considers that the *reconciliation procedures* do not effect a reconciliation and adjustment in respect of gas withdrawn from the *transmission system* at each *SAW point* in a fair way; or
 - (2) if *VENCorp* proposes to designate a *system withdrawal point* as a new *SAW point*; or
 - (3) upon written request by two or more *Participants* who, in *VENCorp's* reasonable opinion, are affected by the *reconciliation procedures*; and
 - (4) in any event, at least once each calendar year,
undertake a review of the *reconciliation procedures* and consult with all *Market Participants* who, in *VENCorp's* reasonable opinion, are affected by the *reconciliation procedures* with a view to:
 - (5) making any changes to the *reconciliation procedures* which *VENCorp* considers necessary to effect a fair reconciliation and adjustment; and
 - (6) facilitating the agreement of all such *Market Participants* to the changes to the *reconciliation procedures*.
- (g) *Market Participants* must comply with the *reconciliation procedures*.

3.6 SETTLEMENTS

3.6.1 Settlements management by VENC Corp

- (a) *VENC Corp* must determine *market fees* payable by *Market Participants* and facilitate the billing and *settlement* of transactions between *Market Participants* under these Rules in accordance with this clause 3.6.
- (b) *Market Participants* must pay *market fees* to *VENC Corp* in accordance with clause 2.6.

3.6.2 Electronic funds transfer

- (a) *VENC Corp* must ensure that an *EFT facility* is provided and made available for all *Market Participants* for the purposes of facilitating *settlements* and the collection and payment of all *market fees*.
- (b) Unless otherwise authorised by *VENC Corp*, all *Market Participants* must use the *EFT facility* provided by *VENC Corp* under clause 3.6.2(a) for the *settlement* of transactions and the payment of *market fees*.

3.6.3 Trading amounts for trading intervals

- (a) *VENC Corp* must determine for each *trading interval*:
 - (1) each *Market Participant's trading imbalance* for that *trading interval* in accordance with clause 3.6.4;
 - (2) each *Market Participant's daily EoD linepack credit* or *daily EoD linepack debit* for that *trading interval* in accordance with clause 3.6.9;
 - (3) the *ancillary payment* (if any) payable to each *Market Participant* in respect of that *trading interval* in accordance with clause 3.6.7;
 - (4) the *uplift payment* (if any) payable by each *Market Participant* in respect of that *trading interval* in accordance with clause 3.6.8;
 - (5) the *market price* for that *trading interval* in accordance with clause 3.2; and
 - (6) the *trading amount* for each *Market Participant* for that *trading interval*, as determined in accordance with clause 3.6.3(b).
- (b) The *trading amount* for a *Market Participant* for a *trading interval* equals the sum of:
 - (1) that *Market Participant's trading imbalance* for that *trading interval* (determined in accordance with clause 3.6.4) multiplied by the *market price* for that *trading interval*; plus
 - (2) that *Market Participant's daily EoD linepack credit* (if any) for that *trading interval* determined in accordance with clause 3.6.9; minus

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- (3) that *Market Participant's daily EoD linepack debit* (if any) for that *trading interval* determined in accordance with clause 3.6.9.

3.6.4 Trading imbalances

- (a) The *trading imbalance* of a *Market Participant* in a *trading interval* shall be determined, in GJ, as the difference between its aggregate injections of gas at all *system injection points* in that *trading interval* and its aggregate *adjusted withdrawals* of gas, as determined in accordance with clauses 3.6.4(b), (c) and (d) in that *trading interval*.
- (b) For the purpose of determining each *Market Participant's trading imbalance* in a *trading interval*, *VENCorp* must make an adjustment to the total quantity of gas (if any) withdrawn by that *Market Participant* from the *transmission system* in that *trading interval* to account for unaccounted for gas in accordance with the following formula:

$$AW = MW / (1 - UAFG_T)$$

Where:

AW is the adjusted quantity of gas which is to be treated as having been withdrawn by that *Market Participant* from the *transmission system* in that *trading interval*;

MW is the quantity of gas withdrawn by that *Market Participant* from the *transmission system* in that *trading interval*; and

UAFG_T is 0.0.

- (c) For the purpose of determining each *Market Participant's trading imbalance* in a *trading interval*, *VENCorp* must make an adjustment to the total quantity of gas (if any) withdrawn by that *Market Participant* from a *distribution delivery point* in that *trading interval* to account for unaccounted for gas in accordance with the following formula:

$$AW = MW / \{(1 - UAFG_D) \times (1 - UAFG_T)\}$$

Where:

AW is the adjusted quantity of gas which is to be treated as having been withdrawn by that *Market Participant* from that *distribution delivery point* in that *trading interval*;

MW is the quantity of gas withdrawn by that *Market Participant* from that *distribution delivery point* in that *trading interval*;

UAFG_D is the relevant value assigned to:

- (1) the *Distributor* on whose *distribution pipeline* the *distribution delivery point* is located; and
- (2) the quantity of gas withdrawn by that *Market Participant* at that *distribution delivery point*,

in accordance with Part C of Schedule 1 of the *Distribution System Code*; and

$UAFG_T$ is 0.0.

- (d) A *Market Participant's* adjusted withdrawals at a *system withdrawal point* or a *distribution delivery point* are to be determined:
- (1) at a *SAW point*, or a *non-SAW point* at which an *Allocation Agent* has been appointed in accordance with clause 3.5.3(a), as the quantity of gas allocated to that *Market Participant* at that *system withdrawal point* in accordance with clause 3.5.3 or 3.5.4, as appropriate, adjusted in accordance with clause 3.6.4(b);
 - (2) at a *non-SAW point* at which an *Allocation Agent* has not been appointed under clause 3.5.3(a), as the *metered* quantity of gas withdrawn at that *system withdrawal point*, adjusted in accordance with clause 3.6.4(b), minus the sum of any *metered* quantities withdrawn at *distribution delivery points* supplied from that *system withdrawal point*, adjusted in accordance with clause 3.6.4(c), where gas is withdrawn by *Customers* other than that *Market Participant* or that *Market Participant's Customers*; and
 - (3) at a *distribution delivery point*, as the *metered* quantity of gas withdrawn at that *distribution delivery point*, adjusted in accordance with clause 3.6.4(c).
- (e) A *Market Participant's* aggregate adjusted withdrawals in a *trading interval* are determined as:

$$\Sigma AW = \Sigma AW_T + \Sigma AW_D$$

Where:

ΣAW is the aggregate of all that *Market Participant's* adjusted withdrawals in that *trading interval*;

ΣAW_T is the sum of all that *Market Participants'* adjusted withdrawals at *system withdrawal points* in that *trading interval*; and

ΣAW_D is the sum of all that *Market Participant's* adjusted withdrawals in that *trading interval* at *distribution delivery points* supplied from *system withdrawal points* other than those for which quantities have been included in ΣAW_T .

3.6.5 Settlement amounts for billing periods

- (a) *VENCorp* must determine the *settlement amount* for each *Market Participant* for each *billing period* in accordance with clause 3.6.5(b).

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- (b) The *settlement amount* for a *Market Participant* for a *billing period* equals the sum of:
- (1) the sum of that *Market Participant's trading amounts* for each *trading interval* in that *billing period*; plus
 - (2) that *Market Participant's positive reconciliation amount* (if any) in respect of any prior *billing period* determined in accordance with clause 3.5; less
 - (3) that *Market Participant's negative reconciliation amount* (if any) in respect of any prior *billing period* determined in accordance with clause 3.5; less
 - (4) the aggregate of:
 - (A) any *market fees* which that *Market Participant* is required to pay in respect of that *billing period* calculated in accordance with clause 2.6; and
 - (B) any *participant compensation fund* contribution which that *Market Participant* is required to make in accordance with clause 3.3; and
 - (C) any amount which that *Market Participant* is required to pay to *VENCorp* in respect of compensation payments in accordance with clause 3.6.6; plus
 - (5) if *VENCorp* has completed its determination of *ancillary payments* and consequential associated *uplift payments* arising from a *trading interval*:
 - (A) the amount of any *ancillary payments* determined to be payable to that *Market Participant* in accordance with clause 3.6.7 in respect of that *trading interval* and not previously taken into account in determining the *settlement amount* for a *billing period* in respect of that *Market Participant*, minus
 - (B) the amount of any *uplift payments* determined to be payable by that *Market Participant* in accordance with clause 3.6.8 in respect of that *trading interval* and not previously taken into account in determining the *settlement amount* for a *billing period* in respect of that *Market Participant*; minus
 - (6) any other amounts payable by that *Market Participant* to *VENCorp* in respect of that *billing period*; plus
 - (7) any amount payable by *VENCorp* to that *Market Participant* in respect of any *linepack account* surplus in accordance with clause 3.6.12(c); minus
 - (8) any amount payable by that *Market Participant* to *VENCorp* in respect of any *linepack account* deficit in accordance with clause 3.6.12(b); plus
 - (9) any other amount payable by *VENCorp* to that *Market Participant* in respect of that *billing period*.
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- (c) The *settlement amount* determined by *VENCorp* pursuant to clause 3.6.5(b) for each *Market Participant* will be a positive or negative dollar amount.

3.6.6 Compensation payments

- (a) If the *compensation panel* determines that compensation should be paid to a *Market Participant* in accordance with clauses 6.6.5 or 6.7.6, each *Market Participant* who purchased gas from the *market* in the *trading interval* or *trading intervals* in respect of which the *market price* was affected by the imposition of an *administered price cap* or in respect of which such compensation has been determined must pay to *VENCorp* an amount determined in accordance with clause 3.6.6(b).
- (b) *VENCorp* must determine, in respect of each *trading interval* referred to in clause 3.6.6(a), the amount payable by each *Market Participant* who has a *negative trading imbalance* in such *trading interval* as follows:

APC x G_j

$$\Sigma G_j$$

where

- APC** is the amount of the compensation payment payable to a *Market Participant* in respect of that *trading interval* under clauses 6.6.5 or 6.7.6;
- G_i** is the *negative trading imbalance* of that *Market Participant* in that *trading interval*; and
- ΣG_j** is the sum of all *negative trading imbalances* of all *Market Participants* in that *trading interval*.
- (c) Any amount which *VENCorp* determines is payable by a *Market Participant* in accordance with this clause 3.6.6 may, if the Board of Directors of *VENCorp* so determines, be paid in instalments or deferred for a specified period of time. If the Board of Directors of *VENCorp* does not so determine, the whole of such amount must be included by *VENCorp* in the *Market Participant's* next *settlement statement*.
- (d) Subject to clause 3.6.6(c), *VENCorp* must include in each *settlement statement* separate details of any amount payable by a *Market Participant* as determined in accordance with this clause 3.6.6.

3.6.7 Ancillary payments

- (a) Any *Market Participant* who, as a result of responding in whole or in part to a *scheduling instruction*, earns less *consumer surplus* or *supplier surplus* (as the case may be) over the *gas day* than that *Market Participant* would have earned if it had operated according to the *pricing schedule*, will receive from *VENCorp* an *ancillary payment* equal to that difference as determined in accordance with this clause 3.6.7.

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- (b) If, for an hour of the *gas day*, a *Market Participant's actual deviation* and *scheduled deviation* are both positive or are both negative and the *actual deviation* does not exceed the *scheduled deviation*, the *ancillary payment* for that *Market Participant* will be:
- (1) the *supplier surplus* or *consumer surplus* (as the case may be) determined by reference to the *pricing schedule*; less
 - (2) the *supplier surplus* or *consumer surplus* (as the case may be) determined by reference to the actual injections or withdrawals of gas (as the case may be) made by that *Market Participant*.
- (c) If, for an hour of the *gas day*, a *Market Participant's actual deviation* and *scheduled deviation* are both positive or are both negative and the *actual deviation* equals or exceeds the *scheduled deviation*, the *ancillary payment* for that *Market Participant* will be:
- (1) the *supplier surplus* or *consumer surplus* (as the case may be) determined by reference to the *pricing schedule*; less
 - (2) the *supplier surplus* or *consumer surplus* (as the case may be) determined by reference to the *Market Participant's scheduled* injections or withdrawals (as the case may be).
- (d) If, for an hour of the *gas day*, a *Market Participant's*:
- (1) *actual deviation* is positive and its *scheduled deviation* is negative; or
 - (2) *actual deviation* is negative and its *scheduled deviation* is positive,
- the *ancillary payment* for that *Market Participant* will be zero.
- (e) The *ancillary payment* payable to a *Market Participant* for the *gas day* is equal to the sum of the *ancillary payments* for each hour of the *gas day* determined in accordance with clauses 3.6.7(b), (c) and (d).
- (f) Subject to clause 3.6.7(g), for the purposes of determining the amount of an *ancillary payment* to be made to a *Market Participant*, any *curtailment* of a *Market Participant's* withdrawals of gas is to be deemed to be effected pursuant to a *withdrawal inc/dec offer* the price of which is *VoLL* unless there is a *force majeure event* or the *market* has been suspended, in which case any *curtailment* of a *Market Customer's* withdrawals of gas or any scheduled *inc/dec offer* is deemed to be effected pursuant to an *inc/dec offer*, the price of which (in the case of a *curtailment*) is equal to the *administered price cap* or (in the case of a scheduled *inc/dec offer*) is capped at the *administered price cap*.
- (g) In the event of *curtailment*, other than *curtailment* of *Customers' withdrawals* in respect of which *authorised MDQ* has been allocated under clause 5.3.2(a)(1) or clause 5.3.4(a),

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- (1) a *Market Customer* whose withdrawal of gas is *curtailed* under clause 6.6.4 will be entitled to be paid an *ancillary payment* under clause 3.6.7(f) determined as either:
 - (A) the lesser of:
 - (i) that *Market Customer's authorised MDQ* minus its actual withdrawal; and
 - (ii) the quantity *curtailed*; or
 - (B) if that *Market Customer's* actual withdrawal is greater than its *authorised MDQ*, zero;
 - (2) a *Retailer* whose *Customers'* withdrawals of gas are *curtailed* under clause 6.6.4 will be entitled to be paid an *ancillary payment* under clause 3.6.7(f) in respect of each of those *Customers* determined as either:
 - (A) the lesser of:
 - (i) that *Customer's authorised MDQ* minus its actual withdrawal; and
 - (ii) the quantity *curtailed*; or
 - (B) if that *Customer's* actual withdrawal is greater than its *authorised MDQ*, zero.
- (h) A *Market Participant* who submits *withdrawal inc/dec offers* that are not accredited by *VENCorp* under clause 3.1.6 is not entitled to be paid *ancillary payments* in respect of those *withdrawal inc/dec offers*.

3.6.8 Uplift Payments

- (a) Subject to clause 3.6.8(b), *VENCorp* must consult with *Market Participants* and establish and *publish* principles and procedures pursuant to which it can determine an estimate of the portion (if any) of any *ancillary payments* payable in respect of a *trading interval* in accordance with clause 3.6.7 which are attributable to *transmission constraints*.
- (b) In developing the principles and procedures for determining *ancillary payments* attributable to *transmission constraints* under clause 3.6.8(a), *VENCorp* must use its reasonable endeavours to ensure that:
 - (1) the principles and procedures should not be unreasonably complex; and
 - (2) any increase in *VENCorp's* systems and/or operational costs arising from application of the principles and procedures should not be disproportionate to the aggregate amounts of *ancillary payments* likely to be made.
- (c) A *Retailer* who sells gas to *Customers* is liable to pay *uplift payments* in respect of withdrawals of gas by those *Customers*.

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- (d) For the avoidance of doubt, nothing in clause 3.6.8(c) precludes a *Retailer* from recovering from its *Customers* the amount of any liability to pay *uplift payments* in respect of withdrawals of gas by those *Customers*.
 - (e) As soon as reasonably practicable, *VENCorp* must *publish* details of total amounts of *ancillary payments* to be made in respect of each *trading interval* and the portions of those *ancillary payments* which are due to *transmission constraints*, if any.
 - (f) If, in accordance with the principles and procedures *published* by *VENCorp* under clause 3.6.8(a), *VENCorp* determines that any part of any *ancillary payments* which are payable in respect of a *trading interval* is attributable to a *transmission constraint*, then *VENCorp* must also determine and *publish*:
 - (1) after following any procedures for doing so and taking into consideration any other relevant matter set out in the relevant *service envelope agreement*, the extent (measured in GJ) to which that *transmission constraint* was caused by the failure of the relevant *Transmission Pipeline Owner* to fulfil its obligations under its *service envelope agreement* in that *trading interval*;
 - (2) the extent to which the capacity of the relevant *pipeline* is reduced for reasons other than those referred to in clause 3.6.8(f)(1);
 - (3) the aggregate quantity of gas, if any, withdrawn by each *Market Customer* in excess of its *authorised MDQ*; and
 - (4) the aggregate quantity of gas, if any, withdrawn by or on behalf of the *Customers* of a *Retailer*, where any such quantity of gas withdrawn by or on behalf of a *Customer* of that *Retailer* exceeds that *Customer's* *authorised MDQ*.
 - (g) Subject to clause 3.6.8(1) and the relevant *service envelope agreement*, the amount payable by the relevant *Transmission Pipeline Owner* in respect of that *trading interval* due to any failure by that *Transmission Pipeline Owner* to fulfil its obligations under its *service envelope agreement* is to be determined by *VENCorp* as follows:

$$U_{TPO} = \frac{APC \times Q_{TPO}}{D_M - D_S}$$

where:

U_{TPO} is the amount of *uplift payment* payable by the relevant *Transmission Pipeline Owner* in \$;

APC is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a);

Q_{TPO} is the quantity in GJ determined in accordance with clause 3.6.8(f)(1);

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D_M is the quantity of gas, expressed in GJ, which *VENCorp* determines would have been injected at Longford in that *trading interval* in the absence of the *transmission constraint*; and

D_S is the quantity of gas, expressed in GJ, *scheduled* by *VENCorp* for injection at Longford in that *trading interval*.

(h) Subject to clause 3.6.8(1), the amount of *uplift payments* payable by:

(1) a *Market Customer* in respect of any gas it has withdrawn from the *transmission system* in that *trading interval* in excess of its *authorised MDQ*; and

(2) a *Retailer*, in respect of the sum of all quantities of gas, if any, withdrawn from the *transmission system* by or on behalf of the *Customers* of that *Retailer*, where any such quantity of gas withdrawn by or behalf of a *Customer* exceeds that *Customer's authorised MDQ*,

is to be determined as follows:

$$U_{UA} = \frac{APC \times Q_{UA}}{D_M - D_S}$$

where:

U_{UA} is the amount of *uplift payments* payable in \$;

APC is the total proportion of *ancillary payments* attributable to *transmission constraints* payable in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a);

Q_{UA} is:

(1) the quantity, expressed in GJ, by which a *Market Customer's* withdrawals of gas from the *transmission system* in that *trading interval* exceeded its *authorised MDQ*; plus

(2) the aggregate of the quantities, expressed in GJ, by which each of a *Retailer's Customers* exceeded their *authorised MDQ*;

D_M is the quantity of gas, expressed in GJ, which *VENCorp* determines would have been injected at Longford in that *trading interval* in the absence of the *transmission constraint*; and

D_S is the quantity of gas, expressed in GJ, *scheduled* by *VENCorp* for injection at Longford in that *trading interval*.

(i) Subject to clause 3.6.8(1), if *VENCorp* reasonably believes that the capacity of the relevant *pipeline* was reduced for reasons other than those referred to in clause 3.6.8(f)(1), then the amount of *uplift payment* payable by:

(1) a *Market Customer* in respect of any gas it has withdrawn from the *transmission system*; and

- (2) a *Retailer*, in respect of the sum of all quantities of gas, if any, withdrawn from the *transmission system* by or on behalf of its *Customers*,

is to be determined as follows:

$$U_{SC} = \frac{(APC \times Q_{SC})}{D_M - D_S} \times \frac{Q_T}{\Sigma Q_T}$$

where:

U_{SC} is the amount of *uplift payments* payable in \$;

APC is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* payable in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a);

Q_{SC} is the quantity in GJ by which the capacity of the relevant *pipeline* was reduced for reasons other than those referred to in clause 3.6.8(f)(1);

Q_T is the total quantity of gas, expressed in GJ, withdrawn from the *transmission system* in that *trading interval*:

- (1) by that *Market Customer*; or
- (2) by or on behalf of that *Retailer's Customers*,

as the case may be;

ΣQ_T is the total quantity of gas in GJ withdrawn by all *Market Participants* in that *trading interval*;

D_M is the quantity of gas, expressed in GJ, which *VENCorp* determines would have been injected at Longford in that *trading interval* in the absence of the *transmission constraint*; and

D_S is the quantity of gas, expressed in GJ, *scheduled* by *VENCorp* for injection at Longford in that *trading interval*.

- (j) Subject to clause 3.6.8(1), the amount of *uplift payment* payable by:

- (1) a *Market Customer* in respect of any gas it has withdrawn from the *transmission system*; and
- (2) a *Retailer*, in respect of the sum of all quantities of gas, if any, withdrawn from the *transmission system* by or on behalf of its *Customers*,

is to be determined as follows :

$$U_C = \frac{(APC - U_{TPO} - \Sigma U_{SC} - \Sigma U_{UA}) \times (Q_T - Q_{UA})}{(\Sigma Q_T - \Sigma Q_{UA})}$$

where:

U_C is the amount of *uplift payment* payable in \$;

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- APC** is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* payable in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a);
- U_{TPO}** is the amount payable by the relevant *Transmission Pipeline Owner* in \$ in respect of that *trading interval*, determined in accordance with clause 3.6.8(g);
- Q_T** is the total quantity of gas, expressed in GJ, withdrawn from the *transmission system* by:
- (1) that *Market Customer*; or
 - (2) by or on behalf of that *Retailer's Customers*,
- as the case may be;
- Q_{UA}** is the quantity, expressed in GJ:
- (1) by which that *Market Customer's* withdrawals of gas from the *transmission system* in that *trading interval* exceeded its *authorised MDQ*; or
 - (2) determined by aggregating all quantities of gas, if any, withdrawn from the *transmission system* by or on behalf of the *Customers* of that *Retailer*, where any such quantity of gas withdrawn by or behalf of a *Customer* exceeds that *Customer's authorised MDQ*,
- as the case may be;
- ΣQ_T** is the total quantity of gas in GJ withdrawn by all *Market Participants* in that *trading interval*;
- ΣQ_{UA}** is the quantity, expressed in GJ, by which:
- (1) all *Market Customers'* withdrawals of gas from the *transmission system* in that *trading interval* exceeded their *authorised MDQs*; plus
 - (2) the sum of all quantities of gas withdrawn from the *transmission system* in that *trading interval* by or on behalf of the *Customers* of all *Retailers*, where any such quantity of gas withdrawn by or behalf of a *Customer* exceeded that *Customer's authorised MDQ*; and
- ΣU_{UA}** is the total amount of *uplift payments*, payable in \$, by all *Market Participants* and *Retailers* in accordance with clause 3.6.8(h); and
- ΣU_{Sc}** is the total amount, in \$, of *uplift payments* payable by all *Market Participants* and *Retailers* in accordance with clause 3.6.8(i).

- (k) The amount of any *uplift payments* payable by each *Market Participant* in respect of *ancillary payments* in a *trading interval* other than those attributable to *transmission constraints* is to be determined by *VENCorp* as follows:

$$U_A = \frac{(TAP - APC) \times Q_T}{\Sigma Q_T}$$

where:

U_A is the amount of *uplift payments* payable in \$;

TAP is the total amount of *ancillary payments* payable in respect of that *trading interval* determined in accordance with clause 3.6.7;

APC is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* payable in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a);

Q_T is the total quantity of gas, expressed in GJ, withdrawn from the *transmission system* by that *Market Participant* in that *trading interval*; and

ΣQ_T is the total quantity of gas in GJ withdrawn by all *Market Participants* in that *trading interval*.

- (l) The determination of *uplift payments* payable by *Participants* under this clause 3.6.8 is subject to the following:

- (1) if $\Sigma Q_{UA} \geq D_M - D_S$

then:

the value of ΣU_{UA} is deemed to be equal to APC ,

and:

- (A) U_{UA} is equal to $APC \times \frac{Q_{UA}}{\Sigma Q_{UA}}$;

(B) U_{TPO} is 0;

(C) U_{SC} is 0; and

(D) U_C is 0;

- (2) if $\Sigma Q_{UA} < D_M - D_S$ but $\Sigma Q_{UA} + Q_{SC} \geq D_M - D_S$

then the value of Q_{SC} is deemed to be equal to $(D_M - D_S) - \Sigma Q_{UA}$

and:

(A) U_{TPO} is deemed to be zero; and

(B) U_C is deemed to be zero; and

- (3) If $\Sigma Q_{UA} + Q_{SC} < D_M - D_S$ but $(\Sigma Q_{UA} + Q_{SC} + Q_{TPO}) \geq (D_M - D_S)$

then the value of Q_{TPO} is deemed to be equal to $(D_M - D_S) - \Sigma Q_{UA} - Q_{SC}$ and U_C equals 0.

3.6.9 Determination of daily EoD linepack credits and daily EoD linepack debits

- (a) *VENCorp* must determine, in respect of each *gas day*, the *daily EoD linepack credit* or *daily EoD linepack debit* for each *Market Participant*, which shall be calculated as follows:

$$DCL = (P_M \times EDL_{D-1}) - (P_E \times EDL_D)$$

Where:

DCL is, if DCL is a positive amount, the amount of the *Market Participant's daily EoD linepack credit* or, if DCL is a negative amount, the amount of that *Market Participant's daily EoD linepack debit*;

P_M is the *market price* for the *gas day* in respect of which the calculation is made;

EDL_{D-1} is the quantity of *EoD linepack* (if any) purchased by that *Market Participant* pursuant to an *EoD linepack bid* submitted in respect of the *gas day* immediately prior to the *gas day* in respect of which the calculation is made;

P_E is the price of *EoD linepack* for the *gas day* in respect of which the calculation is made as determined in accordance with clause 3.4.2; and

EDL_D is the quantity of *EoD linepack* (if any) purchased by that *Market Participant* pursuant to an *EoD linepack bid* submitted by it for the *gas day* in respect of which the calculation is made.

- (b) Each *daily EoD linepack credit* or *daily EoD linepack debit* calculated in respect of a *Market Participant* will be taken into account in determining that *Market Participant's settlement amount* for the relevant *billing period*.

- (c) *VENCorp* must determine in respect of each *gas day*, the *EoD linepack settlement surplus*, if any, as follows:

$$SS = (P_{LC} \times LC)$$

Where:

SS is the *EoD linepack settlement surplus* in \$;

P_{LC} is the price, in \$/GJ, of *EoD linepack capacity* (if any) for the *gas day* in respect of which the calculation is made as determined in accordance with clause 3.4.2; and

LC is the amount of *EoD linepack capacity*, in GJ, as determined and published from time to time by *VENCorp* in accordance with clause 3.4.4.

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- (d) Each *billing period*, *VENCorp* is to be credited with an amount equal to the sum of the *EoD linepack settlement surpluses* for each *gas day* in that *billing period*.
 - (e) *VENCorp* must keep separate account of all amounts credited to *VENCorp* under clause 3.6.9(d).
 - (f) The aggregate amount of all *EoD linepack settlement surpluses* credited to *VENCorp* in a *financial year* is to be used by *VENCorp* to offset its costs for the next *financial year*.

3.6.10 Linepack account

- (a) *VENCorp* must maintain a *linepack account* for the purpose of recording the *linepack credit* or *linepack debit* which is required to be made in respect of each *gas day* (as determined in accordance with clause 3.6.10(c)).
- (b) *VENCorp* must record in the *linepack account* all *linepack credits* and *linepack debits*.
- (c) *VENCorp* must determine the amount of any *linepack credit* or *linepack debit* which it is required to record in the *linepack account* in respect of each *gas day* in accordance with the following formula:

$$Q = (I - W - EDL) \times P_M$$

Where:

- Q** is the amount of the *linepack debit* (where Q is a positive amount) or the amount of the *linepack credit* (where Q is a negative amount) in respect of that *gas day*;
 - I** is the total quantity of gas injected into the *transmission system* during that *gas day*;
 - W** is the total quantity of gas withdrawn from the *transmission system* during that *gas day*;
 - EDL** is the aggregate quantity of *EoD linepack* purchased by *Market Participants* in respect of that *gas day* in accordance with clause 3.4.2; and
 - P_M** is the *market price* for that *gas day*.
- (d) The *linepack account* must record both quantities, expressed in joules, and monetary values.

3.6.11 Review of linepack account

VENCorp must establish, document and make available to *Market Participants* procedures for the regular review by the *VENCorp* Board of the *linepack account* and the basis upon which *linepack transactions* are to be funded.

3.6.12 Linepack payments

- (a) *VENCorp* must clear the balance on the *linepack account* each month by charging or making payments to *Market Participants* in accordance with this clause 3.6.12.
- (b) If the sum of daily *linepack debits* for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c)) is a positive amount, each *Market Participant* who withdrew gas from the *transmission system* in that month must pay *VENCorp* an amount calculated as follows:

$$PM = DB \times \frac{QW_i}{\Sigma QW_i}$$

Where

PM is the amount which the *Market Participant* must pay;

DB is the sum of daily *linepack debits* for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c));

QW_i is the quantity of gas withdrawn from the *transmission system* by that *Market Participant* in that month; and

ΣQW_i is the total quantity of gas withdrawn from the *transmission system* by all *Market Participants* in that month.

- (c) If the sum of daily *linepack debits* for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c)) is a negative amount, *VENCorp* must pay each *Market Participant* who withdrew gas from the *transmission system* in that month an amount calculated as follows:

$$PV = CB \times \frac{QW_i}{\Sigma QW_i}$$

Where:

PV is the amount which *VENCorp* is required to pay to the *Market Participant*;

CB is the sum of daily *linepack debits* for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c));

QW_i is as defined in clause 3.6.12(b); and

ΣQW_i is as defined in clause 3.6.12(b).

- (d) Any amount which a *Market Participant* or *VENCorp* must pay pursuant to this clause 3.6.12 must be included by *VENCorp* in the *Market Participant's settlement statement* for the relevant month.

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3.6.13 Payment of settlement amount

- (a) Where the *settlement amount* for a *Market Participant* is a negative amount, the *Market Participant* must pay that amount to *VENCorp* in accordance with clause 3.6.16.
- (b) Where the *settlement amount* for a *Market Participant* is a positive amount, *VENCorp* must pay that amount to the *Market Participant* in accordance with clause 3.6.17.

3.6.14 Preliminary statements

- (a) Within 7 *business days* after the end of each *billing period*, *VENCorp* must give each *Market Participant* a preliminary statement which sets out the *market transactions* of that *Market Participant* in that *billing period* and the *settlement amount* payable by or to that *Market Participant*.
- (b) The statements issued under this clause 3.6.14 must include supporting data for all amounts payable which must be sufficient to enable each *Market Participant* to audit the calculation of the amount payable by or to that *Market Participant*.
- (c) If the *Market Participant* reasonably believes there to be an error or discrepancy in the preliminary statement given to the *Market Participant* by *VENCorp* under clause 3.6.14(a), the *Market Participant* must notify *VENCorp* as soon as practicable of that error or discrepancy and *VENCorp* must review the preliminary statement.
- (d) If *VENCorp* considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement under clause 3.6.14(c), *VENCorp* must notify all *Market Participants* whose *final statements* will be affected by the error or discrepancy within 7 days of the date on which the error or discrepancy first came to the attention of *VENCorp* and *VENCorp* must ensure that the error or discrepancy is corrected in the relevant *final statements*.

3.6.15 Final statements

- (a) No later than eighteen *business days* after the end of each *billing period*, *VENCorp* must give to each *Market Participant* a *final statement* stating the amounts payable by the *Participant* to *VENCorp* or payable by *VENCorp* to the *Market Participant* (subject to clause 3.6.22) in respect of the relevant *billing period*.
- (b) The statements issued under this clause 3.6.15 must include supporting data for all amounts payable which must be sufficient to enable each *Market Participant* to audit the calculation of the amount payable by or to that *Market Participant*.

3.6.16 Payment by Market Participants

No later than 2.00pm on the twentieth *business day* after the end of a *billing period* or 2.00pm on the second *business day* after receiving a *final statement* under clause 3.6.15, whichever is the later, each *Market Participant* must pay to *VENCorp* in cleared funds the *settlement amount* stated to be payable to *VENCorp* by that *Market Participant* in

that *Market Participant's final statement*, whether or not the *Market Participant* disputes, or continues to dispute, the amount payable.

3.6.17 Payment to Market Participants

By no later than 4.00pm on the day on which *VENCorp* is to be paid under clause 3.6.16, *VENCorp* must pay to each *Market Participant* in cleared funds the *settlement amount* stated to be payable to that *Market Participant* in that *Market Participant's final statement*.

3.6.18 Disputes

- (a) If a dispute arises between a *Market Participant* and *VENCorp* concerning either:
- (1) the *settlement amount* stated in a preliminary statement provided under clause 3.6.14 to be payable by or to it; or
 - (2) the supporting data,
- they must each use reasonable endeavours to resolve the dispute within fifteen *business days* after the end of the relevant *billing period*.
- (b) Disputes in respect of *final statements* or the supporting data provided with them in accordance with clause 3.6.15 must be raised within twelve months of the relevant *billing period*.
- (c) Disputes raised under this clause 3.6.18 must be resolved by agreement or pursuant to the dispute resolution procedures set out in clause 7.2.

3.6.19 Settlement revisions

- (a) If an amount in a *final statement* issued under clause 3.6.15:
- (1) has been the subject of a dispute and the dispute has been resolved in any way which causes the amount payable to differ from the amount payable as set out in the *final statement*; or
 - (2) has been identified as being in error in accordance with clause 3.6.19(b) and the correct amount has been determined by *VENCorp*;
- VENCorp* must issue to each *Market Participant* affected by the resolution of the dispute or the correction of the error a *revised statement* for the relevant *billing period* setting out:
- (3) the amount payable by the *Market Participant* to *VENCorp* or the amount payable by *VENCorp* to the *Market Participant* (subject to clause 3.6.22); and
 - (4) the adjustment to the *final statement* as agreed or determined plus interest calculated on a daily basis at the *interest rate* for the period from the *payment date* applicable to the *final statement* to which the adjustment relates to the *payment date* applicable to the *revised statement* issued under this clause 3.6.19(a).

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- (b) If *VENCorp* becomes aware of an error in an amount stated in a *final statement* issued under clause 3.6.15 and in *VENCorp's* reasonable opinion a *Participant* would be materially affected if a revision to the *final statement* was not made to correct the error, then *VENCorp* must issue *revised statements* for the relevant *billing period* in accordance with clause 3.6.19(a).

3.6.20 Payment of adjustments

- (a) *VENCorp* must specify the time and date on which a payment of an adjustment under a *revised statement* issued under clause 3.6.19 is due, which date must be not less than ten *business days* and not more than fifteen *business days* after the issue of that *revised statement*.
- (b) By no later than the time and date specified by *VENCorp* pursuant to clause 3.6.20(a), each *Market Participant* must pay to *VENCorp* in cleared funds the net amount stated to be payable by that *Market Participant* in the *revised statement* issued to it under clause 3.6.19.
- (c) Subject to clause 3.6.22, on the day on which *VENCorp* is to be paid under clause 3.6.20(b), *VENCorp* must pay to each *Market Participant* in cleared funds the net amount stated to be payable to that *Market Participant* in the *revised statement* issued to it under clause 3.6.19.

3.6.21 Payment default procedure

- (a) Each of the following events is a *default event* in relation to a *Market Participant*:
- (1) the *Market Participant* does not pay any money due for payment by it under these Rules by the appointed time on the due date;
 - (2) *VENCorp* does not receive payment in full of any amount claimed by *VENCorp* under any *credit support* in respect of a *Market Participant*, within ninety minutes after the due time for payment of that claim;
 - (3) the *Market Participant* fails to provide *credit support* required to be supplied under these Rules by the appointed time on the due date;
 - (4) it is or becomes unlawful for the *Market Participant* to comply with any of its obligations under these Rules or any other obligation owed to *VENCorp* or it is claimed to be so by the *Market Participant*;
 - (5) it is or becomes unlawful for any *Credit Support Provider* in relation to the *Market Participant* to comply with any of its obligations under these Rules or any other obligation owed to *VENCorp* or it is claimed to be so by that *Credit Support Provider*;
 - (6) an authorisation from a government body necessary to enable the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* to carry on their respective principal businesses or activities ceases to have full force and effect;

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- (7) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* ceases or is likely to cease to carry on its business or a substantial part of its business;
 - (8) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* enters into or takes any action to enter into an arrangement (including a scheme of arrangement), composition or compromise with, or assignment for the benefit of, all or any class of their respective creditors or members, or a moratorium involving any of them;
 - (9) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* states that it is unable to pay from its own money its debts as and when they fall due for payment;
 - (10) a receiver or receiver and manager is appointed in respect of any property of the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant*;
 - (11) an administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function is appointed in respect of the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant*, or any action is taken to appoint any such person;
 - (12) an application or order is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant*;
 - (13) a notice under section 572 of the Corporations Law is given to the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* unless such application or order is rejected as being frivolous;
 - (14) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* dies or is dissolved unless such notice of dissolution is discharged; and
 - (15) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* is taken to be insolvent or unable to pay its debts under any applicable legislation.
- (b) Where a *default event* has occurred in relation to a *Market Participant*, *VENCorp* may:
- (1) issue a *default notice* which specifies:
 - (A) the nature of the alleged default; and

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- (B) if *VENCorp* considers that the default is capable of remedy, that the *Market Participant* must remedy the default within 24 hours of the issue of the *default notice*; and/or
 - (2) immediately issue a *suspension notice* in accordance with clause 3.7.7 if *VENCorp* considers that the default is not capable of remedy and that failure to issue a *suspension notice* would be likely to expose other *Market Participants* to greater risk; and/or
 - (3) if it has not already done so, make a claim upon any *credit support* held in respect of the *Market Participant* for such amount as *VENCorp* determines represents the amount of any money actually or contingently owing by the *Market Participant* to *VENCorp* pursuant to these Rules.
- (c) If:
- (1) *VENCorp* considers that a *default event* is not capable of remedy in accordance with clause 3.6.21(b)(2); or
 - (2) a *default event* is not remedied within 24 hours of the issue of the *default notice* or any later deadline agreed to in writing by *VENCorp*; or
 - (3) *VENCorp* receives notice from the defaulting *Market Participant* that it is not likely to remedy the default specified in the *default notice*,
- then *VENCorp* may issue a *suspension notice* in accordance with clause 3.7.7 under which *VENCorp* notifies the defaulting *Market Participant* that it is prohibited from doing all or any of the following things:
- (4) submitting *nominations, inc/dec offers* and/or *EoD linepack bids*;
 - (5) injecting gas, or tendering gas for injection, into the *transmission system*; or
 - (6) withdrawing gas, or tendering gas for withdrawal, from the *transmission system*.

3.6.22 Maximum total payment in respect of a billing period

- (a) For the purposes of this clause 3.6.22, the *maximum total payment* in respect of a *billing period* is equal to:
 - (1) the aggregate of the amounts received by *VENCorp* from *Market Participants* under clause 3.6.16 in respect of that *billing period* by 4.00 pm on the *payment date*; plus
 - (2) if one or more *Market Participants* are in default, the aggregate amount which *VENCorp* is able to obtain from the *credit support* provided by such *Market Participants* under clause 3.7 before 4.00 pm on the *payment date*; less
 - (3) the aggregate amount of all *market fees* and other payments received by *VENCorp* pursuant to clause 3.6.5(b)(4).

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- (b) For the purpose of clause 3.6.22(a), any payment received by *VENCorp* from a *Market Participant* in respect of a *billing period* shall be deemed to be made, and may be applied by *VENCorp*, in satisfaction of the *market fees* and other payments specified in clause 3.6.5(b)(4) payable to *VENCorp* by that *Market Participant* (as specified in the *final statement* issued to that *Market Participant* in respect of that *billing period*) before it is applied by *VENCorp* in satisfaction of any other obligation or liability.
- (c) If the *maximum total payment* in respect of a *billing period* is not sufficient to meet the aggregate of the net amounts payable by *VENCorp* to each of the *Market Participants* to whom payments are to be made in respect of the *billing period*, then the amount payable by *VENCorp* to each relevant *Market Participant* in respect of that *billing period* is to be reduced by applying the following formula:

$$\mathbf{AAP} = \mathbf{SAP} \times \frac{\mathbf{A}}{\mathbf{B}}$$

where:

AAP is the reduced amount payable by *VENCorp* to the relevant *Market Participant* in respect of the relevant *billing period*;

SAP is the net amount that would have been payable to the relevant *Market Participant* for the relevant *billing period* but for the application of this clause 3.6.22.

A is the *maximum total payment* in respect of the *billing period*; and

B is the aggregate of the net amounts payable by *VENCorp* to *Market Participants* under clause 3.6.17 in respect of the *billing period*.

3.6.23 Interest on overdue amounts

- (a) A *Market Participant* or *VENCorp*, as the case may be, must pay interest on any unpaid moneys due and payable by it under this clause 3.6.23.
- (b) The rate of interest payable under clause 3.6.23(a) is the *default interest rate* calculated as simple interest on a daily basis from the date payment was due, up to and including the date on which payment is made, with interest compounding on monthly rests on the last day of each month whilst the unpaid moneys remain outstanding.

3.7 PRUDENTIAL REQUIREMENTS

3.7.1 Purpose

The purpose of the *prudential requirements* is to ensure the effective operation of the *market* by providing a level of comfort that *Market Participants* will meet their obligations to make payments as required under these Rules.

3.7.2 Provision of security

- (a) Subject to clause 3.7.2(c), a *Market Participant* must provide and maintain a security complying with the requirements of this clause 3.7.
- (b) If *VENCorp* believes it is likely that the amount payable by *VENCorp* to that *Market Participant* under these Rules in respect of a period will consistently exceed the amount payable to *VENCorp* by that *Market Participant* under these Rules in respect of that period, then *VENCorp* may exempt the *Market Participant* from the requirement to provide a security under clause 3.7.2(a) for that period.
- (c) If, under clause 3.7.2(b), *VENCorp* has exempted a *Market Participant* from the requirement to provide a security under clause 3.7.2(a), then *VENCorp* may vary or cancel the exemption at any time by giving written notice of the variation or cancellation of the exemption to the *Market Participant*.

3.7.3 Form of security

The security provided by a *Market Participant* under this clause 3.7 must be either:

- (a) a bank guarantee in a form and from a bank acceptable to *VENCorp*; or
- (b) another immediate, irrevocable and unconditional commitment in a form and from a bank or other institution acceptable to *VENCorp*.

3.7.4 Amount of security

- (a) Subject to clause 3.7.2(b), prior to the end of each *financial year* *VENCorp* must determine and provide written confirmation to each *Market Participant* of that *Market Participant's minimum exposure*, calculated as *VENCorp's* reasonable estimate of the *market fees* payable by the *Market Participant* to *VENCorp* in respect of a *billing period* in the following *financial year*.
- (b) *VENCorp* may review its determination of a *Market Participant's minimum exposure* at any time, provided that any change to a *Market Participant's minimum exposure* will apply no earlier than thirty days following notification by *VENCorp* to that *Market Participant* of that change or such earlier period agreed by the Board of Directors of *VENCorp*.
- (c) Each *Market Participant* must procure that at all times the aggregate undrawn and unclaimed amounts of current and valid security held by *VENCorp* in respect of that *Market Participant* is not less than that *Market Participant's minimum exposure*.

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- (d) To diminish the possibility of incurring a *margin call* under clause 3.7.10, a *Market Participant* may in its absolute discretion provide to *VENCorp* a security or securities in accordance with clause 3.7.3 for an aggregate amount which exceeds its *minimum exposure*.

3.7.5 Replacement security

- (a) If:
- (1) an existing security provided by a *Market Participant* under this clause 3.7 is due to expire or terminate; and
 - (2) after that security expires or terminates, the maximum amount which *VENCorp* will be entitled to be paid in aggregate under any remaining security or securities provided by the *Market Participant* under this clause 3.7 will be less than *Market Participant's minimum exposure*,

then the *Market Participant* must deliver to *VENCorp*, at least ten *business days* prior to the time at which that existing security is due to expire or terminate, a replacement security which:

- (3) is of sufficient value to enable the *Market Participant* to comply with clause 3.7.4(c);
 - (4) complies with the requirements of this clause 3.7; and
 - (5) will take effect no later than the date on which the existing security is due to expire or terminate.
- (b) If:
- (1) a *Market Participant* fails to comply with clause 3.7.5(a); and
 - (2) that *Market Participant* does not remedy that failure within 24 hours after being notified by *VENCorp* of the failure,

then *VENCorp* must give the *Market Participant* a *suspension notice* in accordance with clause 3.7.7.

3.7.6 Drawdown of security

- (a) If *VENCorp* exercises its rights in accordance with clause 3.6.21 under a security provided by a *Market Participant* under this clause 3.7, then *VENCorp* must notify the *Market Participant*.
- (b) If, as a result of *VENCorp* exercising its rights under a security provided by a *Market Participant* under this clause 3.7, the maximum amount which *VENCorp* is entitled to be paid under the security or securities provided by the *Market Participant* under this clause 3.7 is less than the *Market Participant's minimum exposure*, then, within 24 hours of receiving a notice under clause 3.7.6(a), the *Market Participant* must provide an additional security to ensure that at all times, it complies with the requirements of this clause 3.7.

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- (c) If a *Market Participant* fails to comply with clause 3.7.6(b) within the time period referred to in that clause, then *VENCorp* must give the *Market Participant* a *suspension notice* in accordance with clause 3.7.7.

3.7.7 Suspension of a Market Participant

- (a) As soon as practicable after a *suspension notice* is issued by *VENCorp* under these Rules, *VENCorp* must:
- (1) *publish* the *suspension notice*; and
 - (2) place a notice in a newspaper generally circulating in Victoria stating that the *Market Participant* has been suspended.
- (b) *VENCorp* must revoke a *suspension notice* if:
- (1) in the case of a *default event*, the *default event* is remedied; or
 - (2) in the case of a failure to maintain compliance with *prudential requirements* under this clause 3.7, that failure has been remedied; and
 - (3) there are no other circumstances in existence which would entitle *VENCorp* to issue a *suspension notice*,
- except that *VENCorp* must not revoke a *suspension notice* more than one month after it was issued.
- (c) If a *suspension notice* is revoked, *VENCorp* must publicise that fact in the same manner in which the *suspension notice* was publicised in accordance with clause 3.7.7(a).
- (d) From the time that *VENCorp* issues a *suspension notice* to a *Market Participant* under these Rules, the *Market Participant* is ineligible to submit *nominations, inc/dec offers* or *EoD linepack bids* to the extent specified in the notice, until such time as *VENCorp* notifies the *Market Participant* and all other relevant *Market Participants* that the suspension has been revoked.
- (e) A *Market Participant* must comply with a *suspension notice* issued to it under these Rules.
- (f) Following the issue of a *suspension notice* to a *Market Participant*, *VENCorp* may do all or any of the following to give effect to the *suspension notice*:
- (1) reject any *nomination, inc/dec offer* or *EoD linepack bid* submitted by that *Market Participant*;
 - (2) refuse to accept delivery of any gas injected, or tendered for injection, by that *Market Participant*;
 - (3) take such action as *VENCorp* considers necessary to prevent that *Market Participant* from injecting or withdrawing gas, including without limitation taking any action necessary to *curtail* the supply of gas to that *Market Participant*; and

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- (4) withhold the payment of any amounts otherwise due to that *Market Participant* under these Rules.
 - (g) If *VENCorp* does any of the things referred to in clause 3.7.7(f) it must promptly *publish* a notice of that fact.
 - (h) If:
 - (1) *VENCorp* has issued a *suspension notice* to a *Market Participant* due to a *default event* and in *VENCorp's* reasonable opinion the *Market Participant* is incapable of rectifying the *default event* for any reason; or
 - (2) *VENCorp* has issued a *suspension notice* to a *Market Participant* due to a failure by the *Market Participant* to continue to satisfy the *prudential requirements* and in *VENCorp's* reasonable opinion the *Market Participant* is incapable of rectifying that failure for any reason,

VENCorp must deregister that *Market Participant* as soon as practicable and promptly *publish* a notice of that fact.

3.7.8 Trading limits

- (a) Subject to clause 3.7.8(b), *VENCorp* must set a *trading limit* for each *Market Participant*.
- (b) If, under clause 3.7.2(c), *VENCorp* has exempted a *Market Participant* from the requirement to provide a security under clause 3.7.2(b) for a period, then *VENCorp* must not set a *trading limit* for that *Market Participant* for the period during which that exemption applies.
- (c) The *trading limit* for a *Market Participant* at any time must not be less than the greater of:
 - (1) the *Market Participant's minimum exposure*; and
 - (2) 85% of the total value of the security provided by the *Market Participant* to *VENCorp* under clauses 3.7.3(a) and (b).

3.7.9 Monitoring

- (a) Each day, *VENCorp* must review its actual exposure to each *Market Participant* in respect of previous *billing periods* under these Rules.
- (b) In calculating *VENCorp's* actual exposure to a *Market Participant* under clause 3.7.9(a), the period between the start of the *billing period* in which the review occurs and the start of the *gas day* immediately following the day on which the review occurs is to be treated as a previous *billing period*.
- (c) In calculating *VENCorp's* actual exposure to a *Market Participant* under clause 3.7.9(a), *VENCorp* must take into account:
 - (1) outstanding *settlement amounts* for the *Market Participant* in respect of previous *billing periods*; and

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- (2) *settlement amounts* for the *Market Participant* for *trading intervals* from the start of the *billing period* in which the review occurs to the end of the *gas day* on which the review occurs based on:
 - (A) actual *market prices* or, if actual *market prices* are not available for all or part of a *gas day*, the *market prices* forecast for the relevant *gas day* as *published* in the relevant *final operating schedule* determined by *VENCorp* in accordance with clause 3.1.12; and
 - (B) actual *metered* quantities for the *Market Participant* or, if actual *metered* quantities are not available for a *trading interval*, then a *trading imbalance* for that *trading interval* determined by *VENCorp* as the average of the *trading imbalances* of that *Market Participant* for the corresponding *trading interval* on the corresponding *gas days* of the four previous weeks.
 - (d) If *VENCorp* calculates that its actual exposure to a *Market Participant* exceeds the greater of
 - (1) the *Market Participant's minimum exposure*; and
 - (2) 80% of the *Market Participant's trading limit*,then *VENCorp* must inform the *Market Participant* accordingly.

3.7.10 Margin calls

- (a) If *VENCorp* calculates that its exposure to a *Market Participant* exceeds the *Market Participant's trading limit*, then *VENCorp* must make a *margin call* on that *Market Participant* by notice to the *Market Participant*.
- (b) If *VENCorp* makes a *margin call* on a *Market Participant* under clause 3.7.10(a), then the *Market Participant* must satisfy the *margin call* within the period determined in accordance with clause 3.7.10(c) by either:
 - (1) providing to *VENCorp* an additional security or securities complying with the requirements of this clause 3.7 which enables *VENCorp* to increase the *Market Participant's trading limit* to a level which exceeds *VENCorp's* actual exposure to the *Market Participant*; or
 - (2) prepaying a portion of the amount payable or which will become payable in respect of previous *billing periods* sufficient to reduce *VENCorp's* actual exposure to the *Market Participant* to below the *Market Participant's trading limit*.
- (c) The period within which a *margin call* must be satisfied under clause 3.7.10(b) is:
 - (1) if the *margin call* is made on a *business day* before 10:00 am, then the period commences at the time the *margin call* is made and finishes at 2:00 pm on that *business day*; and

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- (2) if clause 3.7.10(c)(1) does not apply, then the period commences when the *margin call* is made and ends at 10:00 am on the first *business day* to occur after the *margin call* is made.
 - (d) For the purposes of these Rules, a prepayment under clause 3.7.10(b)(2) is taken to relate to the earliest *billing period* in respect of which the relevant *Market Participant* owes *VENCorp* an amount of money under these Rules and, if the amount the *Market Participant* owes under these Rules in respect of that *billing period* is less than the amount of the prepayment, then the excess is taken to relate to the *billing periods* occurring immediately after the earliest *billing period* in respect of which the relevant *Market Participant* owes *VENCorp* an amount of money under these Rules in chronological order until there is no excess.
 - (e) If a *Market Participant* fails to satisfy a *margin call* by providing an additional security or making a prepayment under clause 3.7.10(b) within the time referred to in that clause, then *VENCorp* must give the *Market Participant* a *suspension notice*.

3.7.11 Confidentiality

All information provided by a *Market Participant* in relation to its financial circumstances must be treated by *VENCorp* as *confidential information* in accordance with clause 5.4.

CHAPTER 4. TECHNICAL MATTERS

4.1 CONNECTION TO THE TRANSMISSION SYSTEM

4.1.1 Statement of purpose

This clause 4.1:

- (a) provides the framework for *connection* to the *transmission system*; and
- (b) has the following aims:
 - (1) to detail the principles and guidelines governing *connection* to the *transmission system*;
 - (2) to establish the process to be followed by a *Transmission Pipeline Owner* and a *Connection Applicant* to establish or modify a *connection* to the *transmission system*; and
 - (3) to establish the system operation and security requirements for *connection* to the *transmission system*.

4.1.2 Principles

This clause 4.1 is based on the following principles relating to *connection* to the *transmission system*:

- (a) All persons shall have the opportunity to form a *connection* to the *transmission system* and have access to the services provided by the *transmission system*.
- (b) The terms and conditions on which *connection* to the *transmission system* and provision of *connection* services are to be set out in a commercial agreement to be entered into between the relevant *Transmission Pipeline Owner* and the *Connection Applicant*.
- (c) If requested by a *Connected Party* or by the relevant *Transmission Pipeline Owner*, the relevant *Transmission Pipeline Owner* and the *Connected Party* must document the terms of any *connection* arrangements made prior to the *commencement date* and the resulting document will then be deemed to be a *connection agreement* for the purposes of these Rules.
- (d) This clause 4.1 applies to:
 - (1) all *connection agreements* made after the *commencement date*;
 - (2) all deemed *connection agreements* created pursuant to clause 4.1.2(c); and
 - (3) all requests to establish *connection* or modify an existing *connection* after the *commencement date*.
- (e) This clause 4.1 is not intended to, nor is it to be read or construed as having the effect of:
 - (1) altering any of the terms of a *connection agreement* made prior to the *commencement date*; or

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- (2) altering the contractual rights or obligations of any of the parties under a *connection agreement* as between the relevant *Transmission Pipeline Owner* and the *Connected Party* made prior to the *commencement date*; or
- (3) relieving the parties to a *connection agreement* made prior to the *commencement date* of their contractual obligations under that agreement.
- (f) Subject to clause 4.1.2(e), if any right or obligation of a *Connected Party* under a *connection agreement* is inconsistent with any provision of these Rules, the provisions of these Rules shall prevail.

4.1.3 Obligations of the Transmission Pipeline Owner

A *Transmission Pipeline Owner* must:

- (a) receive and process applications for *connection* or modification of a *connection* which are submitted to it and must enter into a *connection agreement* with each *Connected Party* and any other person to which it has provided a *connection* in accordance with this clause 4.1;
- (b) ensure that every *connection agreement* to which it is a party complies with, and is not inconsistent with, this clause 4.1;
- (c) consult with *VENCorp* regarding the system operation and security requirements of proposed *connections* to its *pipeline*; and
- (d) use its reasonable endeavours to comply with all reasonable requests of the *Connection Applicant* relating to its *connection* requirements.

4.1.4 Obligations of VENCORP

VENCORP must:

- (a) review all proposed *connections* from a system operation and security perspective;
- (b) establish system operation and security standards and requirements for *connections*; and
- (c) use its reasonable endeavours to comply with all reasonable requirements of the *Connection Applicant* and the relevant *Transmission Pipeline Owner* relating to the commissioning of *connection equipment*.

4.1.5 Obligations of Connected Parties

- (a) Each *Connected Party* must ensure that all *connection equipment* which is owned, operated or controlled by it at all times comply with applicable requirements and conditions for *connection* in accordance with its *connection agreement* with the *Transmission Pipeline Owner*.
- (b) A *Connection Applicant* must:
 - (1) comply with the reasonable requirements of the *Transmission Pipeline Owner* in respect of the design requirements of *connection equipment* proposed to be *connected* to the *transmission system*;

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- (2) not make any material modification or addition to any *connection equipment* which is the subject of a *connection agreement* without the prior written consent of the relevant *Transmission Pipeline Owner* and *VENCorp*;
 - (3) provide load forecast information to the relevant *Transmission Pipeline Owner* and *VENCorp* in accordance with clause 4.1.6(c); and
 - (4) allow the *Transmission Pipeline Owner* to participate in the commissioning of *connection equipment* which is to be *connected* to the *transmission system*.

4.1.6 Application for connection

- (a) A person who wishes to *connect* to the *transmission system* may make an application to *connect* in accordance with this clause 4.1.6.
- (b) An application to *connect* made by a person who wishes to *connect* to the *transmission system* must contain the information specified in clause 4.1.6(c) and must be submitted, together with the relevant application fee, to the relevant *Transmission Pipeline Owner*.
- (c) The *connection* application must include:
 - (1) details of the location of the *connection point* and proposed specifications of the *connection equipment*;
 - (2) the date by which the *connection* is desired;
 - (3) details of the forecast load requirements of the *connection point*, including maximum daily quantity, maximum hourly quantity and maximum and minimum operating pressures; and
 - (4) such other information as the relevant *Transmission Pipeline Owner* may reasonably request to enable it to assess the application to *connect* and prepare an offer to *connect*.
- (d) Within six months of the *commencement date*, *VENCorp* must determine the relevant application fee (if any) payable under clause 4.1.6(b) by a person making an application to *connect* to the *transmission system*.

4.1.7 VENCorp to approve application in principle

- (a) The relevant *Transmission Pipeline Owner* must submit details of the load requirements of the proposed *connection point* (including the information referred to in clause 4.1.6(c)) to *VENCorp* for approval and for allocation of any available *authorised MDQ* to the *Connection Applicant* in accordance with clause 5.3 as soon as reasonably practicable and in any event within twenty *business days* of receipt of an application to *connect* (or within such longer period as the relevant *Transmission Pipeline Owner* and the *Connection Applicant* may agree).
- (b) Within twenty *business days* of receipt of a proposal for a *connection*, *VENCorp* must approve or reject the proposed *connection* in accordance with principles and

procedures to be developed by *VENCorp* and give notice of the approval or rejection to the relevant *Transmission Pipeline Owner*.

- (c) *VENCorp* may reject a proposed *connection* if:
 - (1) in *VENCorp's* reasonable opinion, the proposed *connection* has potential to adversely and materially affect the operation or the security of the *transmission system*; or
 - (2) it does not comply with, or is inconsistent with, any provision of these Rules.
- (d) If *VENCorp* rejects a proposed *connection*, *VENCorp* must notify the relevant *Transmission Pipeline Owner* of its reasons for doing so.
- (e) The relevant *Transmission Pipeline Owner* and the *Connection Applicant* must provide *VENCorp* with any information which *VENCorp* may reasonably request to enable it to assess the proposed *connection*.
- (f) Within six months of the *commencement date*, *VENCorp* must develop the principles and procedures for approving or rejecting a proposed *connection* referred to in clause 4.1.7(b) and *VENCorp* must procure that those principles and procedures be incorporated into these Rules in accordance with the rules change procedure in chapter 8.

4.1.8 Offer to connect

- (a) Within twenty *business days* after the proposed *connection* has been approved in principle by *VENCorp* (or such longer period as the relevant *Transmission Pipeline Owner* and the *Connection Applicant* may agree), the relevant *Transmission Pipeline Owner* must prepare and make an offer to *connect* the *Connection Applicant's pipeline* to the *transmission system*.
- (b) The offer to *connect* must contain the proposed terms and conditions for *connection* to the *transmission system*.
- (c) The offer to *connect* must be fair and reasonable and must be consistent with the safe and reliable operation of the *transmission system* in accordance with these Rules.
- (d) The relevant *Transmission Pipeline Owner* must use its reasonable endeavours to provide the *Connection Applicant* with an offer to *connect* in accordance with the reasonable requirements of the *Connection Applicant*, including without limitation, the location and load requirements of the proposed *connection point*.
- (e) Both the relevant *Transmission Pipeline Owner* and the *Connection Applicant* are entitled to negotiate with each other in respect of the provision of *connection* and any other matters relevant to the provision of *connection*. If negotiations occur, the relevant *Transmission Pipeline Owner* and the *Connection Applicant* must conduct such negotiations in good faith.

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- (f) The offer to *connect* must define the basis for determining *transmission connection* charges in accordance with the relevant *Transmission Pipeline Owner's access arrangement*, if any.

4.1.9 Finalisation of connection agreements

- (a) If the *Connection Applicant* accepts an offer to *connect*, the *Connection Applicant* must:
- (1) agree to be bound by all relevant provisions of these Rules; and
 - (2) subject to clause 4.1.10, enter into a *connection agreement* with the relevant *Transmission Pipeline Owner*.
- (b) The provision of *connection* by the relevant *Transmission Pipeline Owner* may be made subject to gaining environmental, planning or other regulatory or statutory approvals for any *pipeline equipment* or *connection equipment*.
- (c) Each *connection agreement* must be based on the offer to *connect* as varied by agreement between the parties.

4.1.10 Approval of connection agreements by VENCORP

- (a) A *Transmission Pipeline Owner* and a *Connection Applicant* must not enter into a *connection agreement* unless it has been approved by *VENCORP*.
- (b) A *Transmission Pipeline Owner* must submit each *connection agreement* which it proposes to enter into with a *Connection Applicant*, in the form agreed by the relevant *Transmission Pipeline Owner* and the *Connection Applicant*, to *VENCORP* within two *business days* after the terms of the proposed *connection agreement* have been agreed by the relevant *Transmission Pipeline Owner* and the *Connection Applicant*.
- (c) The relevant *Transmission Pipeline Owner* must, at the same time as it submits a *connection agreement* for approval by *VENCORP*, either:
- (1) confirm that there has been no material change to the information provided to *VENCORP* pursuant to clause 4.1.7 in relation to the proposed *connection*; or
 - (2) provide *VENCORP* with full details of the load requirements of the proposed *connection point* to the extent that such requirements differ from the requirements submitted to *VENCORP* pursuant to clause 4.1.7 and any other change to the information provided to *VENCORP* pursuant to that clause.
- (d) Within ten *business days* of receipt by *VENCORP* of a proposed *connection agreement* pursuant to clause 4.1.10(b), *VENCORP* must approve the proposed *connection agreement* or reject the proposed *connection agreement*.
- (e) *VENCORP* may reject a proposed *connection agreement* if:

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- (1) in *VENCorp's* reasonable opinion, the proposed *connection* which is the subject of that *connection agreement* has potential to adversely and materially affect the operation or security of the *transmission system*; or
 - (2) it does not comply with, or is inconsistent with, any provision of these Rules.
- (f) The relevant *Transmission Pipeline Owner* and the *Connection Applicant* must provide *VENCorp* with any information which *VENCorp* may reasonably request to enable it to assess the proposed *connection agreement*.

4.1.11 Consultation

The relevant *Transmission Pipeline Owner* must consult with *VENCorp* in relation to a proposed *connection* prior to submission of the proposed *connection agreement* relating to that *connection* for approval by *VENCorp* with the intent of facilitating the approval by *VENCorp* of that *connection agreement*.

4.1.12 Confidential information

- (a) All data and information provided by a *Transmission Pipeline Owner* or a *Connection Applicant* under this clause 4.1 must be:
 - (1) prepared, given and used in good faith;
 - (2) treated as *confidential information*; and
 - (3) protected from being disclosed or made available by the recipient to a third party, except for the purpose of enabling the relevant *Transmission Pipeline Owner* and *VENCorp* to assess the application for *connection*.
- (b) If a *Connection Applicant* or relevant *Transmission Pipeline Owner* becomes aware of any material change to any information contained in or relevant to an application to *connect* then it must promptly notify the other party in writing of that change.

4.1.13 System balancing arrangements

- (a) *VENCorp* may require, as a condition of *connection* of a *transmission pipeline* to the *transmission system*, that the *Interconnecting Pipeline Owner* which operates the *transmission pipeline* which is proposed to be *connected* must enter into an agreement with *VENCorp* relating to the operation of their respective *transmission pipeline* systems and an *Interconnecting Pipeline Owner* must comply with any such requirement.
- (b) An agreement referred to in clause 4.1.13(a), may make arrangements relating to, amongst other things:
 - (1) the balancing, monitoring and regulation of gas flows between the *transmission system* and the *pipeline* which is proposed to be *connected*;
 - (2) the *scheduling* of gas flows in accordance with the *nominations* and *inc/dec offers* of *Market Participants* who wish to transport gas across the

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transfer point at which the Interconnected Pipeline Owner's pipeline is connected to the transmission system;

- (3) the maintenance of a balancing account;
- (4) the deployment of system capacity and system optimisation;
- (5) operating pressures; and
- (6) the maintenance of the security of the *transmission system* and the *transmission pipeline* which is proposed to be *connected*.

4.1.14 Interpretation

For the purpose of this clause 4.1, in relation to a *connection*, a reference to a “relevant *Transmission Pipeline Owner*” is to be construed as a reference to the *Transmission Pipeline Owner* which owns or controls the *pipeline* to which that *connection* relates or which is the subject of that *connection*.

4.2 LNG STORAGE

4.2.1 Purpose of this clause

This clause 4.2 sets out:

- (a) the obligations of the *LNG Storage Provider* relating to the operation of the *LNG storage facility* and the provision of *LNG storage capacity*;
- (b) the responsibilities of *VENCorp* relating to the *LNG reserve*;
- (c) the rights and obligations of *Market Participants* who hold *LNG storage capacity*;
- (d) requirements relating to the transfer of *LNG storage capacity* and *LNG stock*; and
- (e) the rights and obligations of *VENCorp*, the *LNG Storage Provider* and *Market Participants* relating to the maintenance of sufficient *LNG stock* to ensure the security of the *transmission system* and to satisfy *VENCorp's* operational requirements.

4.2.2 Obligations of VENCORP

- (a) For a period of two years from the *commencement date*, *VENCorp* is responsible for *scheduling LNG injection offers* and managing the *LNG reserve*.
- (b) Prior to the expiry of the period referred to in clause 4.2.2(a), *VENCorp* must establish a committee to review *VENCorp's* role in relation to the *LNG reserve* in accordance with the *public consultation procedures* and that committee must determine either:
 - (1) that *VENCorp* should cease to be entitled to any *LNG storage capacity* constituting the *LNG reserve*; or
 - (2) that *VENCorp's* role in relation to the *LNG reserve* and its entitlement to *LNG storage capacity* constituting the *LNG reserve* should continue for a period not exceeding twelve months or such other period that the committee reasonably considers to be appropriate.
- (c) If the committee established under clause 4.2.2(b) determines that *VENCorp's* role in relation to the *LNG reserve* and its entitlement to *LNG storage capacity* should either:
 - (1) cease at the expiration of two years from the *commencement date*, then *VENCorp* will cease to be responsible for the *LNG reserve* and will cease to be entitled to any *LNG storage capacity* constituting the *LNG reserve*, then all provisions of these Rules relating to the *LNG reserve* will cease to have effect on and from the date immediately following the expiry of two years from the *commencement date*; or
 - (2) continue for a period of not more than twelve months or such other period that the committee reasonably considers to be appropriate, then if the

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Regulator approves, *VENCorp* will continue to be responsible for the *LNG reserve* and will continue to be entitled to *LNG storage capacity* constituting the *LNG reserve*, and all provisions of these Rules relating to the *LNG reserve* will continue to have effect for the duration of that period.

- (d) The provisions of this clause 4.2 are subject always to clause 4.2.2(c).

4.2.3 Obligations of the LNG Storage Provider

- (a) The *LNG Storage Provider* must ensure that, subject to the terms and conditions of these Rules and the right of *Market Participants* who hold *LNG storage capacity* to make *LNG injection offers*, the *LNG storage facility* is utilised with the objective of maintaining *LNG stock* at the highest level possible.
- (b) The *LNG Storage Provider* must operate the *LNG storage facility* in accordance with the *scheduling instructions* issued by *VENCorp* in accordance with these Rules.
- (c) The *LNG Storage Provider* must maintain a register of the holders of *LNG storage capacity* and register transfers of *LNG storage capacity* and *LNG stock* in accordance with clauses 4.2.5 and 4.2.6.

4.2.4 BOC Agreement

- (a) The *LNG Storage Provider* must, subject to the terms and conditions of the *BOC Agreement*, keep *VENCorp* informed in a timely manner of all matters or circumstances relating to the *BOC Agreement* or the operation of the *LNG storage facility* which may affect the ability of *VENCorp* to *schedule LNG injection offers* or use the *LNG reserve*.
- (b) The *LNG Storage Provider* must notify *VENCorp* on or before the twelfth day of each month of the following information relating to the operation of the *BOC Agreement*:
- (1) the minimum and maximum quantity of gas which the *LNG Storage Provider* may order for liquefaction by *BOC* in the following month under the *BOC Agreement*; and
 - (2) if known, *BOC's* requirements for gas and *LNG stock* in the following month.
- (c) If any provision of these Rules with which the *LNG Storage Provider* is bound to comply is inconsistent with any term of the *BOC Agreement*, then the term of the *BOC Agreement* will prevail.
- (d) The *LNG Storage Provider* must not terminate or vary the *BOC Agreement* without the consent of *VENCorp* (whose consent must not be unreasonably withheld or delayed).

4.2.5 LNG storage capacity

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- (a) *VENCorp* must not do anything, or omit to do anything, which would adversely affect *BOC's* LNG storage entitlement under the *BOC Agreement*.
 - (b) Unless and until *VENCorp* otherwise agrees, the *LNG Storage Provider* must make available 3,000 tonnes of *LNG storage capacity* for the operation of the *LNG reserve* in accordance with clause 4.2.9.
 - (c) If *VENCorp* requests, any *LNG storage capacity* which is not required to be made available to *BOC* or is not allocated to *Market Participants* must be made available to *VENCorp* and will comprise part of the *LNG reserve*.
 - (d) A *Market Participant* must hold *LNG storage capacity* in order to use the *LNG storage facility*.
 - (e) The *LNG Storage Provider* must maintain and keep updated a register of holders of *LNG storage capacity*, which must include the following information:
 - (1) the identity of each holder of *LNG storage capacity*;
 - (2) the amount of *storage space* to which each holder of *LNG storage capacity* is entitled; and
 - (3) the quantity of *LNG stock* held on behalf of each holder of *LNG storage capacity*.
 - (f) The register of holders of *LNG storage capacity* may be maintained and stored in a computer or other electronic device or database.

4.2.6 Transfers of LNG storage capacity and LNG stock

- (a) A *Market Participant* may at any time:
 - (1) transfer all or part of its *LNG storage capacity*; or
 - (2) transfer all or part of its *LNG stock*,to another *Market Participant*, subject to and in accordance with this clause 4.2.6.
- (b) A *Market Participant* may not transfer *LNG storage capacity* or *LNG stock* if as a result the transferor or the transferee would have *LNG stock* in excess of the *LNG storage capacity* to which it is entitled.
- (c) A transfer of *LNG storage capacity* and/or *LNG stock* may only be expressed to take effect on the start of a *gas day* and any such transfer which purports to take effect at any other time shall be invalid.
- (d) The *LNG Storage Provider* must not reject a transfer in respect of which the requirements of this clause 4.2.6 are satisfied.
- (e) Where a *Market Participant* proposes to make an *LNG storage transfer*, both the transferor and transferee must give notice of the proposed *LNG storage transfer* to the *LNG Storage Provider*, specifying:
 - (1) the identity of the transferor and the transferee;

- (2) the amount of the *LNG storage capacity* and/or *LNG stock* the subject of the transfer; and
 - (3) the *gas day* on the commencement of which the *LNG storage transfer* is to be effective.
- (f) A proposed *LNG storage transfer* must be notified to the *LNG Storage Provider* by the transferor and the transferee by no later than 7.00 am on the day on which the *gas day* specified in the notice referred to in clause 4.2.6(e)(3) starts.
- (g) The *LNG Storage Provider* must:
- (1) register an *LNG storage transfer* which complies with this clause 4.2.6 as soon as reasonably practicable after it has been received; and
 - (2) notify *VENCorp* of an *LNG storage transfer* and the amount of the *LNG storage capacity* and/or *LNG stock* transferred by no later than 8.00 am on the day on which the *gas day* starts on the commencement of which that *LNG storage transfer* is to be effective.
- (h) The amount of *LNG storage capacity* and *LNG stock* which a *Market Participant* holds will be determined by the register of *LNG storage capacity* maintained by the *LNG Storage Provider* in accordance with clause 4.2.5(e). The *LNG Storage Provider* will not be required to have regard to any *LNG storage capacity* or *LNG stock* which a *Market Participant* purports to hold other than *LNG storage capacity* or *LNG stock* in respect of which that *Market Participant* is the registered holder.
- (i) With effect from the commencement of the *gas day* on which a valid *LNG storage transfer* is expressed to take effect in accordance with clause 4.2.6(e)(3) the *LNG stock* which is the subject of a valid *LNG storage transfer* will be added to the transferee's *LNG stock* and deducted from the transferor's *LNG stock*.
- (j) If for any reason a *Market Participant* ceases to be entitled to any *LNG storage capacity*, the *LNG Storage Provider* will, as soon as reasonably practicable after it becomes aware of the cessation, register that fact. Any *LNG storage transfer* which is notified to the *LNG Storage Provider* will be valid and capable of registration, notwithstanding that the transferor's entitlement to the *LNG storage capacity* which is the subject of the *LNG storage transfer* has ceased, unless and until the cessation has been registered.

4.2.7 Liquefaction of gas

- (a) Unless *VENCorp* otherwise approves, the *LNG Storage Provider* must order, in respect of each month, the maximum quantity of gas which it is entitled to require *BOC* to liquefy for storage in that month under the terms of the *BOC Agreement*.
- (b) The quantity of gas made available to *BOC* for liquefaction and storage in the *LNG storage facility* during each *trading interval* as a result of an order made by the *LNG Storage Provider* pursuant to clause 4.2.7(a) shall be allocated to, and be

deemed to have been made available by, *VENCorp* or the *Market Participants* who hold *LNG storage capacity* in the following order of priority:

- (1) first, such quantity of gas shall be allocated to, and be deemed to have been made available by, *VENCorp* as may be necessary to ensure that the *LNG reserve* is maintained at the maximum level and that there is sufficient *LNG stock* for use by *BOC* in accordance with the terms of the *BOC Agreement*; and
- (2) second, a proportion of the remaining quantity, if any, (after a quantity has been allocated to *VENCorp* pursuant to clause 4.2.7(b)(1)) shall be allocated to, and be deemed to be made available by, each *Market Participant* who holds *LNG storage capacity* in accordance with the following formula:

$$Q = QL \times \frac{PAC}{TAC}$$

where:

Q is the *Market Participant's* allocation of the remaining quantity (if any) of gas made available to *BOC* for liquefaction and storage in a *trading interval*;

QL is the remaining quantity of gas (if any) made available to *BOC* for liquefaction and storage in that *trading interval*;

PAC is that *Market Participant's* available *LNG capacity* at the start of that *trading interval*; and

TAC is the sum of all *Market Participants* available *LNG capacity* at the start of that *trading interval*.

- (c) The *LNG Storage Provider* must determine the quantity of gas deemed to have been made available by *VENCorp* and each *Market Participant* to *BOC* for liquefaction during each *trading interval* and notify *VENCorp* of its determination as soon as reasonably practicable after the end of the relevant *trading interval*.
- (d) To avoid doubt, any quantity of gas deemed to have been made available by a *Market Participant* to *BOC* during a *trading interval* in accordance with this clause 4.2.7 is to be taken into account for the purpose of calculating that *Market Participant's* *trading imbalance* in that *trading interval*.

4.2.8 Vaporisation of LNG and LNG injection offers

- (a) Each *Market Participant* must submit *LNG injection offers* in respect of the entire amount of its *LNG stock* for each *trading interval*. *LNG injection offers* must be unconditional and must not specify any minimum or maximum quantity of *LNG stock*.

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- (b) *VENCorp* must not accept an *LNG injection offer* submitted by a *Market Participant* unless that *Market Participant* is the registered holder of sufficient available *LNG stock* to enable it to satisfy that *LNG injection offer*.
 - (c) Subject to clause 4.2.8(d), *VENCorp* must *schedule LNG injection offers* in accordance with the provisions of clause 3.1.
 - (d) *VENCorp* must call on *LNG injection offers* by issuing *scheduling instructions* directly to the *LNG Storage Provider* and, to avoid doubt, *VENCorp* is not required to issue *scheduling instructions* to *Market Participants* in respect of their *LNG injection offers*.
 - (e) To avoid doubt, *LNG stock* held by *Market Participants* will only be vaporised in accordance with the *LNG injection offers* submitted by them and such *Market Participants* have no right to submit *nominations* in respect of the injection of vaporised *LNG* into the *transmission system* or any other right in respect of the withdrawal of *LNG stock* from storage.

4.2.9 LNG Reserve

- (a) *VENCorp* may utilise the *LNG reserve* by requiring the *LNG Storage Provider* to vaporise *LNG stock* held by the *LNG Storage Provider* on its behalf at such times and in such quantities as *VENCorp* may reasonably consider necessary or desirable to ensure the security of the *transmission system* and to satisfy *VENCorp's* operational requirements.
- (b) The *LNG Storage Provider* must comply with all reasonable directions of *VENCorp* relating to the utilisation of the *LNG reserve*, including any direction to vaporise any *LNG stock* which comprises part of the *LNG reserve*.
- (c) Subject to clauses 4.2.2(b) and (c), at intervals not exceeding two years, *VENCorp* must review the *LNG reserve* and this clause 4.2 to establish:
 - (1) whether it is sufficient to enable *VENCorp* to meet its operational requirements and to ensure the security of the *transmission system*;
 - (2) whether the basis for allocating *LNG storage capacity* should be changed;
 - (3) whether *Market Participants* should be granted liquefaction or vaporisation rights which are more flexible or different to the liquefaction and vaporisation rights conferred by this clause 4.2; and
 - (4) whether there should be any other change in the way in which the *LNG storage facility* is utilised.
- (d) *VENCorp* must consult with *Market Participants* and the *LNG Storage Provider* for the purpose of carrying out any review of the *LNG reserve* and this clause 4.2 pursuant to clause 4.2.9(c).
- (e) The *LNG Storage Provider* and the *Market Participants* who hold *LNG storage capacity* must take such action and do such things as *VENCorp* may reasonably require to give effect to any recommendation made by *VENCorp* relating to the

LNG reserve or this clause 4.2 as a result of any review carried out by *VENCorp* pursuant to clause 4.2.9(c).

- (f) Any gas which is vaporised for testing of the *LNG facility* and boil off gas is to be treated as having been taken from the *LNG reserve* and included in the *linepack account*.

4.2.10 Provision of information

- (a) The *LNG Storage Provider* and *VENCorp* must establish and operate an information exchange system allowing the electronic transfer of information between the *LNG Storage Provider* and *VENCorp* relating to the *LNG storage facility*.
- (b) The specifications and requirements of the information exchange system referred to in clause 4.2.10(a) shall be as agreed between the *LNG Storage Provider* and *VENCorp* from time to time (such agreement not to be unreasonably withheld or delayed) and the cost of providing and maintaining that system shall be borne by the *LNG Storage Provider* and *VENCorp* in such proportions as they may agree from time to time (such agreement not to be unreasonably withheld or delayed).
- (c) The information exchange system referred to in clause 4.2.10(a) must allow *VENCorp* to have access to the following information as soon as reasonably practicable after the end of each *trading interval*:
 - (1) the quantity of gas which was made available to *BOC* for liquefaction during the previous *trading interval*;
 - (2) the quantity of *LNG stock* which is held in the *LNG storage facility* at the end of the previous *trading interval* for use by *BOC*, *VENCorp* and each *Market Participant* who holds *LNG storage capacity* (after taking account of any gas made available for liquefaction by *VENCorp* and each *Market Participant* pursuant to clause 4.2.7(b) and liquefied during that *trading interval* and any *LNG* vaporised during that *trading interval* as a result of any *scheduling instructions* or any other direction by *VENCorp*);
 - (3) the quantity of gas which was made available to *BOC* for use in its *LNG* plant and air separation, nitrogen liquefaction, storage and other facilities and returned to the *transmission system* during the previous *trading interval*; and
 - (4) such other information relating to the operation of the *LNG storage facility* as *VENCorp* may reasonably require.
- (d) *VENCorp* must, if requested by a *Market Participant* who holds *LNG storage capacity*, make available to that *Market Participant* the following information relating to that *Market Participant* (if and to the extent that such information is available to *VENCorp*):
 - (1) the quantity of gas which was deemed to be made available by that *Market Participant* to *BOC* for liquefaction during each *trading interval*;

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- (2) the quantity of *LNG stock* held by the *LNG Storage Provider* on behalf of the *Market Participant* at the end of each *trading interval*; and
- (3) the quantity of *LNG* vaporised on behalf of the *Market Participant* during each *trading interval*.

4.3 GAS QUALITY

4.3.1 Principles

- (a) The quality specifications for gas which is delivered into the *transmission system* shall be the uniform *gas quality specifications* prescribed by the *Gas Quality Regulations*, unless *VENCorp* determines otherwise.
- (b) *VENCorp* is responsible for ensuring that any gas which is transferred from the *transmission system* to a *distribution pipeline* at a *system withdrawal point* complies with the *prescribed specifications*.
- (c) *VENCorp* has the sole right to accept delivery of *off-specification gas*.
- (d) Each *Participant* must use its reasonable endeavours to ensure that any gas which it injects or tenders for injection into the *transmission system* at a *system injection point* complies with the *gas quality specifications* for that *system injection point*.
- (e) Gas quality monitoring is required at all *system injection points* and such other points on the *transmission system* as *VENCorp* may consider necessary or desirable to enable *VENCorp* to monitor the quality of gas injected into and withdrawn from the *transmission system*.

4.3.2 Gas quality standards at injection points

- (a) *VENCorp* may approve, in relation to a *system injection point*, a gas quality standard which is different to the *prescribed specifications* and accept delivery of gas at that *system injection point* which complies with that gas quality standard if:
 - (1) all of the *Market Participants* who propose to inject gas which does not comply with the *prescribed specifications* into the *transmission system* at that *system injection point* have entered into a written contract:
 - (A) with one or more of the *Market Participants* who inject gas which complies with the *prescribed specifications* into the *transmission system* at another *system injection point* regarding the acceptance of the proposed gas quality standard at the *system injection point* first referred to in this clause 4.3.2(a); or
 - (B) with a provider of gas processing services relating to the processing of the gas which does not comply with the *prescribed specifications* after that gas has been injected into the *transmission system*; and
 - (2) *VENCorp* approves that contract and is satisfied that under the terms of the contract gas which complies with that gas quality standard can be co-mingled with other gas in the *transmission system* or processed so that:
 - (A) gas transferred from the *transmission system* to each *distribution pipeline* at a *system withdrawal point* will, notwithstanding

acceptance of gas which complies with that gas quality standard, comply with the *prescribed specifications*; and

- (B) gas transferred from the *transmission system* to each *Transmission Customer* will, notwithstanding acceptance of gas which complies with that gas quality standard, comply with the gas quality standards agreed between *VENCorp* and each *Transmission Customer* in respect of its *transmission delivery point*.
- (b) If at any time *VENCorp* considers that any contract which it has approved pursuant to clause 4.3.2(a) is not being complied with in any respect or that the conditions specified in clause 4.3.2(a)(2) can no longer be satisfied in respect of gas which is the subject of any such contract:
 - (1) *VENCorp* must notify each *Market Participant* who injects gas into the *transmission system* at the relevant *system injection point* that the gas quality standard approved by *VENCorp* pursuant to clause 4.3.2(a) in respect of that *system injection point* is no longer approved and specify a time with effect from which gas injected into the *transmission system* at that *system injection point* must comply with the *prescribed regulations*;
 - (2) each *Market Participant* must not, at any time after the time specified in the notice referred to in clause 4.3.2(b)(1), inject gas, or tender gas for injection, at the relevant *system injection point* which does not comply with the *prescribed specifications*; and
 - (3) *VENCorp* may refuse to accept gas into the *transmission system* at the relevant *system injection point* which does not comply with the *prescribed specifications*.
- (c) Subject always to clauses 4.3.2(a) to (b) (inclusive), *VENCorp* may approve, in relation to a *transmission delivery point*, a gas quality standard which is different from the *prescribed specifications* if that gas quality standard has been agreed by all *Participants* who withdraw gas at that *transmission delivery point*.

4.3.3 Gas quality monitoring

- (a) A *gas quality monitoring system* must:
 - (1) be provided by the *Transmission Pipeline Owner* at each *system injection point* and such other points on the *transmission system* as *VENCorp* may consider necessary or desirable to enable *VENCorp* to monitor the quality of gas injected and withdrawn from the *transmission system*; and
 - (2) be paid for by the *Transmission Pipeline Owner*, unless otherwise agreed by the *Transmission Pipeline Owner* and the Connected Party associated with that *monitoring point*.
- (b) The *gas quality monitoring system* must be approved by *VENCorp*.
- (c) The *gas quality monitoring system* must provide for the continuous measurement of gas quality and the continuous transmission of gas quality data in real time to

the *metering database* unless *VENCorp* agrees that, having regard to the characteristics of the particular *monitoring point*, satisfactory measurement can be achieved by sampling or some means other than continuous measurement.

- (d) The *gas quality monitoring system* must include the following equipment:
- (1) a gas chromatograph for determination of gas composition, heating value, relative density and wobbe index;
 - (2) an oxygen analyser for determination of the oxygen content;
 - (3) a sulphur analyser for determination of hydrogen-sulphide and total sulphur; and
 - (4) a water analyser,
- unless *VENCorp* agrees otherwise, having regard to alternate measuring methods or the characteristics of the particular gas supply.
- (e) The provider of a *gas quality monitoring system* must ensure that, at its own cost, data from the *gas quality monitoring system* is transmitted to the *metering database* in a form and manner compatible with the *metering database*.
- (f) The provider of the *gas quality monitoring system* must submit to *VENCorp* for approval a plan to ensure the accuracy and reliability of the *gas quality monitoring system*. The plan must include:
- (1) provision for the periodic testing and calibration of the *gas quality monitoring system* in accordance with standards approved by *VENCorp*;
 - (2) procedures ensuring that the *gas quality monitoring system* will remain free from interference; and
 - (3) provision for the storing of all data relating to the operation and calibration of the *gas quality monitoring system*.
- (g) The provider of the *gas quality monitoring system* must provide *VENCorp* and any other *affected Participant* with all data and information relating to gas quality at the *monitoring point*, including all test and calibration reports relating to the *gas quality monitoring system*, on request. The party requesting the information must pay the provider's reasonable costs of providing that information.

4.3.4 Off-specification gas

- (a) Each *Participant* must use its reasonable endeavours to ensure that any gas which it injects or tenders for injection into the *transmission system* at a *system injection point* complies with the *gas quality specifications* for that *system injection point*.
- (b) If *VENCorp* is aware that *off-specification gas* is being, or is likely to be, or has been injected by a *Participant* at a *system injection point*, *VENCorp* may refuse to accept delivery or continued delivery of all or some of the *off-specification gas* for such period as *VENCorp* may determine.

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- (c) *VENCorp* must not refuse to accept, on quality grounds, delivery of gas at a *system injection point* which complies with the *gas quality specifications* for that *system injection point*.
 - (d) Each *Participant* must notify *VENCorp* as soon as it becomes aware that gas which does not comply with the *gas quality specifications* is being, or is likely to be, or has been delivered at a *system injection point*. Any such notification must include all information which is available to the *Participant* in respect of the *off-specification gas*, including each aspect of each specification with which it fails to comply, the degree of its failure to comply and the likely time at which the *Participant* will be able to resume delivery of gas in accordance with the *gas quality specifications*.
 - (e) *VENCorp* may accept delivery of *off-specification gas* if, in the reasonable opinion of *VENCorp*:
 - (1) acceptance is necessary to ensure the safety of the public or the security of the *transmission system*; or
 - (2) *off-specification gas* can be co-mingled with other gas in the *transmission system* or processed so that:
 - (A) gas transferred from the *transmission system* to each *distribution pipeline* at a *system withdrawal point* will, notwithstanding acceptance of that *off-specification gas*, comply with the *prescribed specifications*; and
 - (B) gas transferred from the *transmission system* to each *Transmission Customer* will, notwithstanding acceptance of that *off-specification gas*, comply with the gas quality standards agreed between *VENCorp* and each *Transmission Customer* in respect of its *transmission delivery point*.
 - (f) If *VENCorp* accepts or intends to accept any *off-specification gas* in accordance with clause 4.3.4(e), it must promptly give notice of that fact to each *Participant* who *VENCorp* reasonably believes is likely to be affected by gas which does not comply with the *prescribed specifications* or the gas quality standard agreed by *VENCorp* in respect of a *transmission delivery point* and, so far as known, the extent to which gas is likely to fail to comply with the *prescribed specifications* or such gas quality standard and the likely quantity and duration of such *off specification gas*.

4.4 METERING

4.4.1 Introduction to the metering rules

- (a) This clause 4.4 applies to the following *Participants*:
 - (1) *Producers*;
 - (2) *Transmission Pipeline Owners*;
 - (3) *Interconnected Pipeline Owners*;
 - (4) *Distributors*;
 - (5) *Retailers*;
 - (6) *Transmission Customers*; and
 - (7) *Market Customers*.
- (b) This clause 4.4 sets out the *metering* requirements for *connection points* on the *transmission system* and *distribution delivery points* at which gas is withdrawn by *Market Customers*.
- (c) The purpose of this clause 4.4 is to set out the rights and obligations of the *Participants* described in clause 4.4.1(a) relating to the measurement of volumes and quantities of gas and the provision of data for the operation of the *market*.
- (d) This clause 4.4 sets out provisions relating to:
 - (1) *metering installations* used for the measurement of volumes and quantities of gas;
 - (2) the provision, installation and maintenance of *metering* equipment;
 - (3) the accuracy of *metering* equipment;
 - (4) *metering* calibration requirements;
 - (5) the provision of *metering data* for the purpose of *settlements*;
 - (6) the security of, and rights of access to, *metering data*; and
 - (7) standards of performance of *metering installations*.
- (e) The key principles adopted in this clause 4.4 are:
 - (1) each:
 - (A) *connection point* on the *transmission system*; and
 - (B) *distribution delivery point* at which gas is withdrawn by a *Market Customer* and required to be measured for *settlement* purposes, must have a *metering installation*;
 - (2) subject to clause 4.4.1(e)(3), costs associated with a *metering installation* are to be borne by the *responsible person*, provided that the *responsible*

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person may agree with an *affected Participant*, either generally or in any particular case, that those costs are instead to be borne (in whole or in part) by that *affected Participant*;

- (3) subject to any agreement to the contrary, the reasonable costs associated with:
 - (A) new *metering installations*;
 - (B) modifications to existing *metering installations*; or
 - (C) decommissioning of *metering installations*,are to be borne by the *affected Participant* to the extent that those costs arise from new, increased or reduced gas demand of, or supply to, that *affected Participant*, unless the *Regulator* otherwise determines either generally or in any particular case;
- (4) the *responsible person* must ensure that the accuracy of the *metering installation* complies with the standards prescribed in this clause 4.4;
- (5) the accuracy of the *metering installation* at each *metering point* is to be determined by reference to the volume of gas passing through that *metering point*;
- (6) *metering installations* must be:
 - (A) secure;
 - (B) registered with *VENCorp*;
 - (C) capable of providing *metering data* for transmission to the *metering database*; and
 - (D) installed, connected, commissioned, operated, checked and maintained in accordance with this clause 4.4 and in accordance with any applicable laws;
- (7) *metering installations* must be capable of recording *metering data* in *trading intervals*;
- (8) the *responsible person* must calibrate its *metering installations* in accordance with clause 4.4.9;
- (9) quantities of gas are to be quantified by reference to their energy content and stated in units of joules;
- (10) the electronic accessibility of each *metering installation* must be co-ordinated by the *responsible person* to prevent congestion;
- (11) *VENCorp* is responsible for creating, maintaining and administering the *metering database*;
- (12) *Participants* are entitled to access to the *metering database* in respect of their own injections or withdrawal of gas;

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- (13) each *Transmission Pipeline Owner* is entitled to access *metering data* in respect of *metering points* on its *pipeline*;
 - (14) each *Interconnected Pipeline Owner* is entitled to access *metering data* in respect of a *metering point* at a *transfer point* at which its *transmission pipeline* is *connected*;
 - (15) each *Distributor* is entitled to access *metering data* in respect of *metering points* on its *pipeline* and *metering points* at *connection points* between the *transmission system* and its *pipeline*;
 - (16) *metering data* used in *settlement* statements is to be validated in accordance with clause 4.4.24;
 - (17) other *meters* may be installed by and at the expense of an *affected Participant* and used to check *metering installations*;
 - (18) *VENCorp* must maintain *metering data* which is transmitted from *metering installations* to the *metering database*:
 - (A) for sixteen months in accessible format; and
 - (B) for seven years in archive; and
 - (19) *VENCorp* must establish a registration process to facilitate the application of this clause 4.4 to *Participants* in respect of:
 - (A) new *metering installations*;
 - (B) modifications to existing *metering installations*; and
 - (C) decommissioning of *metering installations*.

4.4.2 Obligations of Participants to establish metering installations

- (a) Before a *Participant* will be permitted by *VENCorp* to inject gas into or withdraw gas from a *connection point* on the *transmission system* or a *transfer point* or be permitted to participate in the *market* in respect of a *connection point* on the *transmission system*:
 - (1) that *connection point* must have a *metering installation*;
 - (2) that *metering installation* must have been installed in accordance with this clause 4.4 and be accurate in accordance with clause 4.4.8; and
 - (3) that *metering installation* must be registered with *VENCorp*.
- (b) *VENCorp* may refuse to permit a *Participant* to inject gas into or withdraw gas from a *connection point* on the *transmission system* if the *metering installation* at that *connection point* does not comply with the provisions or requirements of this clause 4.4.
- (c) Before a *Market Customer* will be permitted to participate in the *market* in respect of a *distribution delivery point* at which it takes delivery of gas:
 - (1) that *distribution delivery point* must have a *metering installation*;

- (2) that *metering installation* must have been installed in accordance with this clause 4.4 and be accurate in accordance with clause 4.4.8; and
- (3) that *metering installation* must be registered by *VENCorp*.
- (d) *VENCorp* may refuse to permit a *Market Customer* to participate in the *market* in respect of a *distribution delivery point* if the *metering installation* at that *distribution delivery point* does not comply with the provisions of this clause 4.4.
- (e) Subject to any agreement to the contrary, *VENCorp* may refuse to permit a *Market Participant* to participate in the *market* if that *Market Participant* does not have in force an agreement with a *responsible person* whereby that *Market Participant* contributes to its proportionate share of the costs incurred by that *responsible person* in measuring and testing gas at all *metering installations* for which the *responsible person* is responsible and at which the *Market Participant* has gas injected.
- (f) In clause 4.4.2(e), and subject to any agreement to the contrary:
- (1) “proportionate share” means a share calculated having regard to the actual quantity of gas injected at the *metering installation* by that *Market Participant* against the total quantity of gas injected at that *metering installation* in any particular *billing period*; and
- (2) “costs” means the total costs incurred by the *responsible person* in operating the *metering installation*,
- and for the avoidance of doubt, *VENCorp* may provide to a *responsible person* for use in calculating the proportionate share of costs pursuant to clause 4.4.2(e), any statement submitted to it by an *Allocation Agent* pursuant to clause 3.5.2.

4.4.3 Responsibility for metering installation

- (a) The person who is responsible for providing a *metering installation* is the *responsible person*.
- (b) Subject to clause 4.4.3(d), the *responsible person* for a *metering installation* at:
- (1) a *receipt point* on the *transmission system* is the *Transmission Pipeline Owner* associated with that *receipt point*, unless otherwise agreed between that *Transmission Pipeline Owner* and the *Producer* or the *Storage Provider* associated with that *transfer point*, as the case may be;
- (2) a *transfer point* between one *transmission pipeline* and another *transmission pipeline* is the *Transmission Pipeline Owner* or *Interconnected Pipeline Owner* whose *pipeline* is likely to deliver more gas to the other *pipeline* than it receives from that other *pipeline* in the year following *connection*, unless otherwise agreed between the *Transmission Pipeline Owners* and/or *Interconnected Pipeline Owners* associated with that *transfer point*;

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- (3) a *transfer point* between the *transmission system* and a *distribution pipeline* is the *Transmission Pipeline Owner* associated with that *transfer point* unless otherwise agreed between that *Transmission Pipeline Owner* and the *Distributor* associated with that *transfer point*;
 - (4) a *transmission delivery point* at which a *Transmission Customer* is connected is the *Transmission Pipeline Owner* associated with that *transmission delivery point*, unless otherwise agreed between that *Transmission Pipeline Owner* and that *Transmission Customer*; and
 - (5) a *distribution delivery point* at which a *Market Customer* is connected is the *Distributor* associated with that *distribution delivery point*, unless otherwise agreed by that *Distributor* and the *Market Customer*.
- (c) The agreement of the relevant *Participants* under this clause must not be unreasonably withheld.
 - (d) A person who is not a *Participant* may only be the *responsible person* for a *metering installation* if it agrees with *VENCorp* to be bound by this clause 4.4 and such other provisions of these Rules as *VENCorp* may require on such terms as *VENCorp* may reasonably require.
 - (e) Where agreement is reached under clause 4.4.3(b), the person who would otherwise be the *responsible person* must immediately advise *VENCorp* of that agreement.

4.4.4 Other responsibilities of a responsible person

The *responsible person* must:

- (a) ensure that its *metering installations* are provided, installed and maintained in accordance with this clause 4.4 and all applicable laws;
- (b) ensure that the accuracy of each of its *metering installations* complies with the requirements of clause 4.4.8;
- (c) ensure that each of its *metering installations* is calibrated in accordance with clause 4.4.9;
- (d) if *VENCorp* requires, arrange for the provision of remote monitoring facilities to alert *VENCorp* or the *responsible person* of any failure of any components of the *metering installation* which might affect the accuracy of the *metering data* derived from that *metering installation* and, in the case of a facility which alerts the *responsible person* rather than *VENCorp*, the *responsible person* must notify *VENCorp* as soon as possible after the *responsible person* becomes aware of such failure; and
- (e) provide to *VENCorp* the information specified in schedule 4.2 for each of its *metering installations*.

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4.4.5 Additional metering

Any *affected Participant* may at its own cost provide additional *meters* or similar equipment at or near a *connection point* on the *transmission system* or a *distribution delivery point* in addition to the *metering installation* provided by the *responsible person* at that *connection point* or *distribution delivery point* for the purposes of checking the *metering data* obtained from that *metering installation* or for any other purposes, provided that such equipment:

- (a) does not cause any *Participant* to breach any of the requirements of these Rules;
- (b) complies with all applicable laws; and
- (c) does not interfere with that *metering installation* or affect in any way the integrity or accuracy of the *metering data* provided by the *metering installation*.

4.4.6 Metering installation components

A *metering installation* must:

- (a) be accurate in accordance with clause 4.4.8;
- (b) have facilities to enable *metering data* to be transmitted from the *metering installation* to the *metering database*, and be capable of communication with the *metering database*, in accordance with clause 4.4.18;
- (c) contain a device which has a visible or an equivalently accessible display of *metering data* or which allows the *metering data* to be accessed and read at the same time by portable computer or other equipment of a type or specification reasonably acceptable to all persons who are entitled to have access to that *metering data* in accordance with clause 4.4.22(a);
- (d) be secure in accordance with clause 4.4.10;
- (e) have electronic data recording facilities such that all *metering data* can be measured and recorded in *trading intervals*;
- (f) be capable of separately registering and recording flows in each direction where bi-directional gas flows occur; and
- (g) have a *meter* having an internal or external *data logger* capable of storing the *metering data* for at least 35 days.

4.4.7 Location of metering point

The *responsible person* must ensure that the *metering installation* is located as close as practicable to the *connection point* or *distribution delivery point* in relation to which the *metering installation* is being provided (taking into account, amongst other things, the cost of installation and security).

4.4.8 Meter accuracy

A *metering installation* must satisfy the uncertainty limits specified in schedule 4.1 over its entire range of *flow rates*.

4.4.9 Calibration of metering installations

- (a) This clause 4.4.9 applies only to *metering installations* at *system points*.
- (b) The *responsible person* must procure that its *metering installations* are calibrated in accordance with the requirements contained in schedule 4.1.
- (c) *VENCorp* must review the calibration requirements contained in schedule 4.1 within one year after the *commencement date* and at intervals not exceeding one year thereafter and may, following consultation with *Market Participants*, change such requirements. *VENCorp* must *publish* details of any such change and the date upon which the change will take effect.
- (d) The *responsible person* must establish calibration procedures in respect of each of its *metering installations*. The calibration procedures must comply with any requirements which *VENCorp* may from time to time determine.
- (e) *VENCorp* may check calibration results recorded in the *metering database* in respect of any *metering installation* and arrange for testing of *metering installations* in order to satisfy itself that the accuracy of each *metering installation* conforms with the requirements of this clause 4.4 or to determine the consistency between the data held in the *metering database* and *metering data* held in a *metering installation*.
- (f) The *responsible person* must make available the results of all tests in respect of its *metering installations* to *VENCorp* and all *affected Participants* as soon as practicable after they have been completed.
- (g) If there is an inconsistency between the data held in a *metering installation* and the data held in the *metering database*, the data in the *metering installation* is to be taken as *prima facie* evidence of the *energy data* derived from that *metering installation*.
- (h) The *responsible person* must permit *VENCorp* and any *affected Participant* to have a representative present to observe the calibration of its *metering installations* and any consequential adjustments.
- (i) The *responsible person* must give *VENCorp* and all *affected Participants* at least fourteen days written notice, or such shorter notice as may be agreed by *VENCorp* and all *affected Participants*, of the proposed hours and date or dates on which a *metering installation* is to be calibrated and the nature of the calibration to be undertaken.
- (j) Each *affected Participant* who wishes to have a representative present to observe a calibration of a *metering installation* must give written notice to the *responsible person* of its intention to have a representative present not less than seven days prior to the date on which that calibration is to be undertaken as specified in the notice referred to in clause 4.4.9(i). The *responsible person* and all *affected Participants* who wish to have a representative present must use all reasonable endeavours to agree upon the time and date at which the calibration will take place

and, in the absence of agreement, the calibration will take place at the time specified in the notice given by the *responsible person* pursuant to clause 4.4.9(i).

- (k) If *VENCorp* or an *affected Participant* does not exercise its right under clause 4.4.9(h) to have a representative present, the results of the calibration will be binding on *VENCorp* and that *affected Participant*.
- (l) *VENCorp* and each *affected Participant* may, at all reasonable times, by giving reasonable prior notice to the *responsible person*:
 - (1) inspect the *responsible person's metering installation* and records in respect of a *metering installation*; and
 - (2) require that the *responsible person* conduct a calibration of any *metering equipment* which *VENCorp* or the *affected Participant* reasonably believes is inaccurate.
- (m) The cost of any calibration which the *responsible person* is required to conduct pursuant to clauses 4.4.9(e) or 4.4.9(l) must be borne by the person requiring the calibration if the *metering equipment* is found to be accurate within the applicable accuracy parameters described in schedule 4.1 and by the *responsible person* if found to be outside any of those accuracy parameters.
- (n) The *responsible person* must monitor its *metering installations* on a regular basis in order to ensure that they are operating properly in accordance with this clause 4.4.
- (o) If the *responsible person* becomes aware that the accuracy of a *metering installation* does not comply with the requirements of this clause 4.4 or of any matter which could affect the integrity of the *metering data*, the *responsible person* must:
 - (1) notify all *affected Participants* and *VENCorp* as soon as practicable after it becomes aware of the matter; and
 - (2) arrange for the accuracy of the *metering installation* to be restored or for the *metering installation* to be modified or replaced by such time as *VENCorp* may reasonably determine so that the *metering installation* meets the requirements of this clause 4.4.
- (p) The *responsible person* must within two *business days* after it becomes aware of any matter described in clause 4.4.9(o) provide a report to *VENCorp* in relation to that matter and, where requested by *VENCorp*, prepare an estimate of the actual quantity of gas transferred through the affected *metering installation*.
- (q) The *responsible person* must notify all *affected Participants* and *VENCorp* if practicable at least seven days prior to, and in any event seven days after, any modification, adjustment, repair or replacement of any of its *metering installations* where such action may have an impact on *metering accuracy* or integrity and such notice must, if applicable, include a record of the readings of the relevant *metering installation* at all relevant times.

4.4.10 Security of metering equipment

- (a) The *responsible person* must use reasonable endeavours to protect the *metering installation* from unauthorised interference both intentional and inadvertent by providing secure housing for *metering* equipment or otherwise ensuring that security at the *metering point* is adequate to protect against such interference.
- (b) If evidence of tampering with a *metering installation* is found by a *Participant*, all *affected Participants* must be notified of that fact by that *Participant* as soon as reasonably possible.
- (c) If a *Participant* finds evidence that the accuracy of the *metering* of a *metering installation* might have been affected by any tampering, then the *responsible person* must test the *metering installation* to ensure that the *metering equipment* operates within the applicable accuracy parameters described in schedule 4.1.
- (d) A *Participant* who interferes with a *metering installation* without the approval of the *responsible person* must pay the *responsible person* its reasonable costs of adjustment, repair, replacement and testing of the *metering installation*.

4.4.11 Security of metering data held in a metering installation

- (a) The *responsible person* must ensure that *metering data* held in a *metering installation* is protected from local or remote electronic access by suitable security electronic access controls (including, if required by *VENCorp*, passwords).
- (b) The *responsible person* must keep secure records of electronic access passwords.
- (c) If required by *VENCorp*, the *responsible person* must allocate ‘read-only’ passwords for each *metering installation* to *affected Participants* and *VENCorp*, except where separate ‘read-only’ and ‘write’ passwords are not available, in which case the *responsible person* must allocate a password to *VENCorp* only.
- (d) The *responsible person* must hold ‘read-only’ and ‘write’ passwords.

4.4.12 Changes to metering parameters and settings

Changes to parameters or settings within a *metering installation* which may affect the accuracy of *metering data* must be:

- (a) notified to *VENCorp* by the *responsible person* at least two *business days* before the change (other than a change made as a result of a calibration carried out pursuant to this clause 4.4) is made;
- (b) confirmed to *VENCorp* by the *responsible person* within two *business days* after the change has been made; and
- (c) recorded by *VENCorp* in the *metering register*.

4.4.13 Energy metering and measurement

- (a) The *responsible person* must ensure that the *metering installation* is capable of determining quantities of gas and where relevant the energy content of volumes of

gas flowing through the relevant *metering point* in accordance with this clause 4.4.13.

- (b) *A metering installation at a connection point on the transmission system must be capable of determining the energy content of quantities of gas flowing through the metering point unless otherwise agreed by VENC Corp and the responsible person.*
- (c) *A metering installation at a distribution delivery point must be capable of measuring the volume of gas flowing through the metering point unless VENC Corp reasonably requires that metering installation also to be capable of determining the energy content of quantities of gas flowing through the metering point.*
- (d) *For avoidance of doubt, where a metering installation measures only the volume of gas flowing through the metering point, the determination of the energy content of the quantities of gas flowing will be done within the metering database.*
- (e) *The energy content of quantities of gas flowing through a metering point at each metering installation whether calculated within the metering installation or within the metering database must be calculated in accordance with American Gas Association Report no. 7 (measurement of gas by turbine meters), American Gas Association Report no. 8 (compressibility factors of natural gas and other related hydro-carbon gas) and ISO6976 (calculation of calorific value, density, relative density and wobbe index from gas composition) unless the responsible person, the affected Participants and VENC Corp agree otherwise.*
- (f) *Where the energy content of quantities of gas flowing through a metering point is calculated within a metering installation it must be calculated using data collected from the metering installation or, if the data is not available from the metering installation, using data transmitted to the metering installation from the metering database.*
- (g) *The source of data used for determining the energy content of gas flowing through a metering point at a metering installation (including heating value, gas composition and relative density) must be determined by VENC Corp, after consultation with the responsible person.*
- (h) *In determining the appropriate source of data which VENC Corp must make available to the responsible person to enable the responsible person to calculate the energy content of quantities of gas in accordance with this clause 4.4.13, VENC Corp must have regard to the proximity of the source of the data to the relevant metering installation.*
- (i) *In determining the heating values to be applied to the calculation of the energy content of quantities of gas, VENC Corp must use reasonable endeavours to ensure that the uncertainty limits specified in schedule 4.1 are satisfied.*
- (j) *Unless VENC Corp and the responsible person agree otherwise, data made available by VENC Corp to the responsible person for the purpose of calculating the energy content of quantities of gas flowing through a metering point must be averaged for one hour and applied by the responsible person for the purpose of measuring the*

energy content of quantities of gas flowing through the *metering point* in the next hour.

- (k) Each *metering installation* must be capable of recording *metering data* in *trading intervals* unless it is agreed by *VENCorp* and the *affected Participants* that *metering data* may be recorded in intervals of time which are shorter than a *trading interval*.

4.4.14 Performance of metering installations

- (a) The *responsible person* must use all reasonable endeavours to procure that *metering data* is able to be transmitted to the *metering database* from its *metering installations*:
- (1) within the applicable accuracy parameters described in schedule 4.1;
 - (2) within the time required for *settlement*, at a level of availability of at least 99% per annum in the case of *metering installations* (excluding the *communication link*); and
 - (3) within the time required for *settlement*, at a level of availability of at least 95% per annum in the case of the *communication link*,
- or as otherwise agreed between *VENCorp* and the *responsible person*.
- (b) If a *metering installation* malfunction or defect occurs, the *responsible person* must procure that repairs must be made to the *metering installation* as soon as practicable and in any event within two days, unless *VENCorp* otherwise agrees.
- (c) A *Participant* who becomes aware of a *metering installation* malfunction or other defect must advise *VENCorp* as soon as practicable.

4.4.15 Meter Time

- (a) The *responsible person* must ensure that all *metering installation* and *data logger* clocks are referenced to Australian Eastern Standard Time.
- (b) The *metering database* must be set within an accuracy of plus or minus two seconds of Australian Eastern Standard Time for a *system point* other than a *transmission delivery point* and within an accuracy of plus or minus five seconds of Australian Eastern Standard Time for a *transmission delivery point* and a *distribution delivery point*.

4.4.16 Pulse output facilities

- (a) Within a reasonable time of being requested by an *affected Participant* or *VENCorp*, the *responsible person* must provide pulse outputs representing the quantities of gas measured for use by the *affected Participant* in controlling its production or consumption of gas or by *VENCorp* for any system operation purpose.
- (b) The person requesting the pulse output under clause 4.4.16(a) must pay the *responsible person's* reasonable costs relating to the provision of the pulse output.

4.4.17 Changes to metering data

The *responsible person* must not make, and must use reasonable endeavours to ensure that no other person makes, any alteration to the original stored data in a *metering installation*.

4.4.18 Data transfer and collection

- (a) *VENCorp* must collect *metering data* from all *metering installations* from which *metering data* is required for *settlement* purposes unless otherwise agreed by *VENCorp* and the *affected Market Participants*.
- (b) Each *Participant* must use its reasonable endeavours to ensure that *VENCorp* is given access to, or is provided with, the *metering data* referred to in clause 4.4.18(a).
- (c) The *responsible person* must, at its own cost, ensure that *metering data* derived from a *metering installation* for which it is responsible shows the time and date at which it is recorded and is capable of being transmitted from the *metering installation* to the *metering database* in accordance with *VENCorp's* reasonable requirements and in accordance with *VENCorp's metering communications procedures*.
- (d) Without prejudice to the generality of clause 4.4.18(c), the *responsible person* must ensure that each of its *metering installations* contains a telephone line or radio transmitter and/or such other equipment as *VENCorp* may reasonably require to enable *metering data* to be transmitted to, and to enable *VENCorp* to obtain remote access to the *metering data* from, the *metering database*.

4.4.19 Installation databases

- (a) The *responsible person* must create, maintain and administer an *installation database* in relation to all its *metering installations*.
- (b) The *responsible person* must ensure that each *affected Participant* and *VENCorp* is given access to the information specified in clause 4.4.19(c) in its *installation database* at all reasonable times and:
 - (1) in the case of data sixteen months old or less, within two *business days* of receiving written notice from the person seeking access; and
 - (2) in the case of data more than sixteen months old, within thirty days of receiving written notice from the person seeking access.
- (c) The *responsible person* must ensure that its *installation database* contains the information specified in schedule 4.3.
- (d) The *responsible person* must ensure that the information specified in clause 4.4.19(c) is stored in its *installation database*:
 - (1) in accessible format for sixteen months; and
 - (2) in archive, for seven years or for the life of the relevant *meter*, whichever is longer.

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4.4.20 Metering database

- (a) *VENCorp* must create, maintain and administer a *metering database* containing information for each *metering installation* registered with *VENCorp*.
- (b) *VENCorp* may appoint an agent from time to time to create, maintain and administer the *metering database*.
- (c) *VENCorp* must use its reasonable endeavours to procure that the *metering database* is accessible by all *affected Participants* at all reasonable times and:
 - (1) in the case of data sixteen months old or less, within four hours of receiving a written request from an *affected Participant*; and
 - (2) in the case of data more than sixteen months old, within two *business days* of receiving a written request from an *affected Participant*.
- (d) The *metering database* must include *metering data*, *energy data*, *energy calculations*, gas quality data, data substituted in accordance with this clause 4.4 and all calculations made for *settlement* purposes.
- (e) Data must be stored in the *metering database*:
 - (1) for 16 months in accessible format; and
 - (2) for 7 years in archive.
- (f) Rights of access to data held in the *metering database* are set out in clause 4.4.22.

4.4.21 Register of metering information

- (a) As part of the *metering database*, *VENCorp* must maintain a *metering register* of all *metering installations* which provide *metering data* used by *VENCorp* for *settlement* purposes.
- (b) The *metering register* referred to in clause 4.4.21(a) must contain the information specified in schedule 4.2.
- (c) If the information in the *metering register* indicates that a *metering installation* does not comply with the requirements of this clause 4.4:
 - (1) *VENCorp* must advise all *affected Participants* and the *responsible person* of that fact; and
 - (2) the *responsible person* must procure that the *metering installation* complies with the requirements of this clause 4.4 within two *business days* after the date of the notice unless otherwise agreed by *VENCorp*.
- (d) Prior to the group of customers referred to in section 6B(1)(d) of the *Gas Industry Act* ceasing to be *Franchise Customers*, *VENCorp* must, in accordance with the *public consultation procedures*, establish, administer, and review transfer procedures to deal with registration procedures for *Non-Franchise Customers* transferring between *Retailers*.

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- (e) *VENCorp* is not obliged to accept registration data in relation to a *Non-Franchise Customer* transferring between *Retailers* if such registration data is not provided in accordance with the *Non-Franchise Customer* transfer procedures referred to in clause 4.4.21(d).

4.4.22 Rights of access to metering data

- (a) The only persons entitled to have either direct or remote access to *metering data* from a *metering installation*, the *metering database* or the *metering register* in relation to a *metering point* are:
 - (1) each *Market Participant* whose *settlement amounts* are determined by reference to quantities of gas flowing through that *metering point*;
 - (2) the *responsible person* who is responsible for the *metering installation* at that *metering point*;
 - (3) a *Transmission Pipeline Owner* or *Interconnected Pipeline Owner* whose *pipeline* is *connected* to the *metering installation* at that *metering point*;
 - (4) the *Distributor* whose *pipeline* is *connected* to the *metering installations* at that *metering point*;
 - (5) *VENCorp* and its authorised agents; and
 - (6) the *Allocation Agent* appointed in respect of a *system injection point* or a *system withdrawal point* to which that *metering point* relates.
- (b) Notwithstanding clause 4.4.22(a), a *Transmission Customer* is entitled to have either direct or remote access to *metering data* from a *metering installation* at a *transmission delivery point* for that *Transmission Customer*.
- (c) Provided that the relevant *Customer* has consented, a *Retailer* is entitled to have access to historical data relating to a *Customer* who has transferred to that *Retailer* from another *Retailer* in relation to the period prior to the date on which that *Customer* transferred to that *Retailer*.
- (d) Electronic access to *metering data* from a *metering installation* shall only be provided where passwords are allocated in accordance with clause 4.4.11 otherwise access to *metering data* shall be from the *metering database*.
- (e) The *responsible person* must ensure that access to *metering data* from the *metering installation* by persons referred to in clause 4.4.22(a) is scheduled appropriately to ensure that congestion does not occur.
- (f) The *responsible person* must ensure that all persons referred to in clause 4.4.22(a) have access to the *metering data* provided by its *metering installations* at all reasonable times and on reasonable notice.
- (g) If remote access is unavailable for a period of five consecutive *business days*, the *responsible person* must, if requested by any person referred to under clause 4.4.22(a), at its own cost, obtain readings locally from the *metering installation*

and provide those readings to all persons with rights of access under clause 4.4.22(a).

4.4.23 Payment for access to metering data

All reasonable costs (including, without limitation, telecommunications charges) incurred by the *responsible person* in providing access to *metering data* at a *metering installation* or by *VENCorp* in providing access to information in the *metering database* must be paid by the *Participant* to whom the *metering data* or information was provided.

4.4.24 Data validation and substitution

- (a) *VENCorp* is responsible for the validation and substitution of *metering data*.
- (b) *VENCorp* must develop data validation processes in consultation with *Participants*.
- (c) If *VENCorp* detects a loss of *metering data* or incorrect *metering data* from a *metering installation*, it must notify all *affected Participants* of the fact and of details of the loss or error detected as soon as reasonably practicable and in any event at the time the next *settlement statement* is issued in respect of that *metering point*.
- (d) If:
 - (1) any *metering* equipment at a *metering installation* is removed from service; or
 - (2) any *metering data* is found to be inaccurate or incorrect; or
 - (3) calibration of any *meter* at a *metering installation* reveals a measurement error which exceeds the *metering substitution threshold* applicable to that *meter*; or
 - (4) calibration of any *meter* at a *metering installation* reveals a measurement error which is less than the *metering substitution threshold* applicable to that *meter* and, in *VENCorp's* reasonable opinion, a *Participant* would be materially and adversely affected if no substitution was made pursuant to this clause; or
 - (5) *metering data* is not transmitted from a *metering installation* to the *metering database* within the time required for *settlement*,

VENCorp must adopt substitute readings in accordance with this clause 4.4.24.

- (e) If substituted readings are required pursuant to clauses 4.4.24(d)(3) or (4) and *VENCorp* is not aware of the time at which the error arose, then the substitution must be made for the period which is the shorter of:
 - (1) the period from the time half-way between the time of the most recent calibration which demonstrated that the *meter* complied with the requirements of this clause 4.4 and the time when the error was corrected; and

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- (2) the period commencing on the date six months prior to the date on which the error was corrected; and
 - (3) such other period expiring on the date on which the error was corrected, being a period of less than six months, which *VENCorp* considers to be fair and reasonable.
- (f) If *VENCorp* is required to make substituted readings pursuant to clause 4.4.24(d), *VENCorp* must:
- (1) determine the period of substitution (in accordance with clause 4.4.24(e) if applicable);
 - (2) calculate the substituted readings in accordance with clause 4.4.24(h);
 - (3) replace all readings derived from the relevant *metering* equipment during such period of substitution with such substituted readings; and
 - (4) notify all *affected Participants* as soon as reasonably practicable after the substitution has been completed.
- (g) If an *affected Participant* disputes a substitution made by *VENCorp* pursuant to this clause 4.4.24, the following provisions apply:
- (1) the *affected Participant* must give notice of the dispute and the matters dispute to *VENCorp*;
 - (2) as soon as reasonably practicable after receiving a notice pursuant to paragraph (1), *VENCorp* must give notice of the dispute and the matters disputed to each *affected Participant*;
 - (3) the *affected Participants* must use their reasonable endeavours to resolve the dispute and agree the substituted readings; and
 - (4) if the dispute has not been resolved by the *affected Participants* on or before the second *business day* prior to the next date on which *VENCorp* is required to issue *final statements*, *VENCorp* must use the substituted readings determined by it pursuant to clause 4.4.24(i) and the dispute must be referred to the *Adviser* for resolution in accordance with clause 7.2.
- (h) If substituted readings are required pursuant to this clause 4.4.24, they must be determined in the following order of priority:
- (1) if and to the extent that the *responsible person* is able to provide actual readings from the relevant *meter* for the period of substitution by manually reading the *meter*, those readings must be used for the purposes of determining the substituted readings;
 - (2) if and to the extent that *meter* readings are available from another *meter* provided for the purposes of checking *metering data* pursuant to clause 4.4.5 and that *meter* complies with the accuracy requirements for the related *metering installation*, those readings must be used for the purposes of determining the substituted readings; and

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- (3) if and to the extent that *meter* readings are not available in accordance with clauses 4.4.24(h)(1) and (2), *VENCorp* may use any or all of the following methods for providing data for the purposes of determining the substituted readings:
- (A) *VENCorp* may use readings available from any other *meter* which may reflect the flow of gas through the relevant *metering point*, whether or not such *meter* complies with the requirements of this clause 4.4;
 - (B) *VENCorp* may use trend data recorded by *VENCorp*, the *responsible person* or any other *affected Participant* where, in *VENCorp's* reasonable opinion, such data gives a good approximation of the actual measurement;
 - (C) *VENCorp* may correct the reading which is required to be substituted if the deviation from the accurate reading is ascertainable by calibration or mathematical calculation;
 - (D) *VENCorp* may estimate readings based upon readings from the same *meter* under similar conditions during a period when the *meter* was registering accurate readings; or
 - (E) *VENCorp* may use such other method as *VENCorp* may consider fair and reasonable in the circumstances.

4.4.25 Confidentiality

Metering data and passwords are confidential and each *Participant* must ensure that they are treated as *confidential information* in accordance with these Rules.

4.4.26 Use of meters

- (a) *Metering data* must be used by *VENCorp* as the primary source of data for *settlement purposes*.
- (b) Notwithstanding any other provision of this clause 4.4, *VENCorp* shall not be liable to any person in respect of any inaccuracies, discrepancies or other defects in *metering data*, including *metering data* which is stored in the *metering database*.
- (c) Where a *metering installation* is used for purposes in addition to the provision of *metering data* to *VENCorp* then:
 - (1) that use must not be inconsistent with, or cause any *Participant* to breach, any requirements of these Rules or any applicable laws; and
 - (2) the *responsible person* must coordinate with the persons who use the *metering installation* for such other purposes to ensure that clause 4.4.26(c)(1) is complied with.

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4.4.27 Evolving technologies and processes and development of the market

Evolving technologies or processes that:

- (a) meet or improve the performance and functional requirements of this clause 4.4;
or
- (b) facilitate the development of the *market*,

may be used in relation to a *metering installation* if agreed between the *affected Participants* and *VENCorp* (such agreement not to be unreasonably withheld).

4.4.28 Review of the metering provisions

No later than two years after the *commencement date* and at intervals not exceeding two years thereafter, *VENCorp* must undertake a review of the provisions of clause 4.4 in accordance with the *public consultation procedures*, including but not limited to:

- (a) new technologies and the impact of new technologies on and in relation to technical standards for metering in these Rules;
- (b) contestability in the type of *meters* used; and
- (c) whether the provisions of clause 4.4 have the effect of eliminating the use of alternative types of meters.

SCHEDULE 4.1

METERING UNCERTAINTY LIMITS AND CALIBRATION REQUIREMENTS

1. Uncertainty limits for measuring volume

The table below sets out the uncertainty limits required to be met by the *responsible person* for *metering installations* for *transfer points* on the *transmission system*.

Category	Flow rate range(scmh)	Uncertainty limits (volume)
A	>300,000	±0.7%
B	>40,000 ≤300,000	±1.0%
C	>4,000 ≤40,000	±1.5%
D	≤4,000	±2.5%

2. Calibration requirements

The table below sets out the frequency with which the calibration must be carried out by the *responsible person*.

Category	A	B	C	D
<i>Peak flow rate</i> (scmh)	>300,000	>40,000 ≤300,000	>4,000 ≤40,000	≤4,000
Minimum pressure and temperature transmitter calibration frequency	Quarterly	Six-monthly	Annually	Annually or as otherwise agreed with <i>VENCorp</i>
Remote <i>meter</i> fault detection surveillance frequency	Daily by exception	Daily by exception	Daily by exception	Daily by exception
In situ <i>meter</i> proving frequency	Annually Note: for ultrasonic <i>meters</i> by electronic means	Annually Note: for ultrasonic <i>meters</i> by electronic means	Annually or as otherwise agreed with <i>VENCorp</i> . Note: for ultrasonic <i>meters</i> by electronic	Annually or as otherwise agreed with <i>VENCorp</i>

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Category	A	B	C	D
			means	

3. Uncertainty limits for energy calculations

The table below sets out the uncertainty limits required to be achieved in calculating energy values at *transfer points* on the *transmission system*. These limits have been developed to be applicable to a market based on a daily *trading interval*. Should the *market* adopt a different *trading interval*, these limits will need to be reviewed.

Category	Flow rate range(scmh)	Uncertainty limits (energy)
A	>300,000	±1.0%
B	>40,000 ≤300,000	±1.5%
C	>4,000 ≤40,000	±2.0%
D	≤4,000	±3.0%

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SCHEDULE 4.2
METERING REGISTER

1. General

- (a) The *metering register* forms part of the *metering database* and holds *metering* information relating to *metering installations*.
- (b) The purpose of the *metering register* is to facilitate:
 - (1) the registration of *system points*, *distribution delivery points*, *metering points* and *affected Participants*;
 - (2) the verification of compliance with these Rules; and
 - (3) the audit flow of changes to the registered information.

2. Metering register information

Metering information to be contained in the *metering register* should include such information as *VENCorp* considers reasonably necessary and by way of example, may include the following:

- (a) *Meter* identification:
 - (1) *metering installation* reference number (MIRN);
 - (2) logical meter identification - if a logical meter; and
 - (3) logical meter algorithm - if a logical meter.
- (b) Location in *market*:
 - (1) CTM group identification;
 - (2) heating value zone;
 - (3) UAFG zone;
 - (4) *pricing zone*;
 - (5) *system withdrawal zone*;
 - (6) injection point;
 - (7) TUoS zone;
 - (8) hub identification;
 - (9) hub flow direction; and
 - (10) transmission or distribution *connection point* identification.
- (c) Associated parties:
 - (1) *metering data* agency identification;
 - (2) *responsible person* identification;
 - (3) *Market Participant* settling account identification;

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- (4) host *Retailer* identification;
 - (5) supplying *Retailer* identification;
 - (6) relevant *Distributor* identification and
 - (7) *Allocation Agent* identification.
- (d) Data validation and substitution processes agreed between *affected Participants*, including:
- (1) algorithms;
 - (2) data comparison techniques
 - (3) processing and alarms; and
 - (4) alternate data sources.

SCHEDULE 4.3
INSTALLATION DATABASE

Each *installation database* must contain the following installation information and such other installation information as specified by *VENCorp*:

- (a) *Metering point* reference details, including:
 - (1) locations and reference details (eg drawing numbers);
 - (2) site identification names;
 - (3) details of *affected Participants* associated with the *system point*; and
 - (4) the *responsible person*.
- (b) The identity and characteristics of *metering* equipment including:
 - (1) serial numbers;
 - (2) *metering installation* identification name;
 - (3) *metering installation* types and models;
 - (4) current test and calibration programme details, test results and references to test certificates;
 - (5) calibration tables, where applied to achieve *metering installation* accuracy; and
 - (6) data register coding details.
- (c) Data communication details, including:
 - (1) telephone number(s) (or frequency details in the case of telemetric equipment) for access to data;
 - (2) communication equipment type and serial numbers;
 - (3) communication protocol details or references;
 - (4) data conversion details;
 - (5) user identifications and access rights; and
 - (6) “write” password (to be contained in a hidden or protected field).