

Decision

Application for amendment

Access Arrangement by Victorian Energy Networks Corporation for the Principal Transmission System

Date: 3 October 2001

File no:
C2000/680-07

Commissioners:
Fels
Shogren
Jones
Martin
Bhojani

1. The application

On 9 August 2001 the Australian Competition and Consumer Commission (the Commission) received an application from the Victorian Energy Networks Corporation (VENCorp) for amendment of its Access Arrangement for the Principal Transmission System (PTS). The application was submitted under the National Third Party Access Code for Natural Gas Pipeline Systems as it applies in Victoria (National Access Code).¹

The application for amendment relates to proposed changes to the Market and System Operations Rules (proposed rule changes). These proposed rule changes appear in Annexure 1 to this decision. VENCorp are proposing that the MSOR be amended to:

- include and show the relationship of the Retail Gas Market Rules to other gas industry regulatory instruments.
- require VENCorp to act in accordance with the Retail Gas Market Rules.
- remove references to ‘franchise’ and ‘non-franchise’ customers as, with full retail contestability, all customers will be ‘non-franchise’.
- clearly establish the MSO Rules as the regulatory instrument for metering required for:
 - the operation of the transmission system; and
 - the settlement of the wholesale gas market,leaving metering for the administration and settlement of the retail gas market, including the provision and reading of ‘basic’ metering to be regulated through the Retail Gas Market Rules.
- include the reconciliation function as a type of ‘settlement revision’.
- reflect the fact that, with the implementation of full retail contestability, trading imbalances will need to be determined by use of metering data from interval meters and other data provided in accordance with the Retail Gas Market Rules.
- clarify that metering data from interval meters and data, provided to VENCorp in accordance with the Retail Gas Market Rules for settlement purposes, is to be treated as confidential information.
- change VENCorp’s obligation to calculate actual exposure on a daily basis to a requirement to calculate ‘estimated exposure’. Where appropriate, the estimates will use the profiled data determined and provided under the Retail Gas Market Rules.

¹ The National Access Code came into force in Victoria on 1 July 1999 with the coming into force of the *Gas Pipelines Access (Victoria) Act* 1998. Section 25 of that Act repeals Part 4B of the *Gas Industry Act* 1994 pursuant to which the Victorian Third Party Access Code for Natural Gas Pipeline Systems (Victorian Access Code) was established. However, certain provisions of the Victorian Access Code continue to apply, such as section 2.33, which is discussed below.

2. Background

The Access Arrangement for the PTS by VENCORP was approved by the Commission under section 2.19 of the Victorian Third Party Access Code for Natural Gas Pipeline Systems (the Victorian Access Code) on 16 December 1998.

Clause 5.1.2 of the Access Arrangement provides that:

in the event that the MSOR becomes subject to an exemption under section 51(1) of the Trade Practices Act, any amendment to, or supplementation or replacement of, the MSOR will, to the extent to which the MSOR are part of this Access Arrangement, constitute a change for the purposes of the Code and will not be effective to change this Access Arrangement unless and until the procedure in section 2 of the Code is followed.

On 21 November 1998, the *Gas Industry Act 1994* (Vic) was amended by the insertion of section 62PA which authorises the making of the MSOR (including any amendment to the MSOR) and things done or conduct engaged in by VENCORP, participants or market participants pursuant thereto. Section 62PA was re-enacted as section 53 of the *Gas Industry Act 2001* (Vic). The MSOR are subject to an exemption under section 51(1) of the *Trade Practices Act 1974* (Cth). The proposed changes to the MSOR concern rules that are part of the Access Arrangement. For these reasons, the proposed rule changes constitute proposed revisions to the Access Arrangement.

3. Procedure for assessing proposed revisions

VENCORP lodged its application for amendment pursuant to section 2.33 of the Victorian Access Code.² Section 2.33 of the Victorian Access Code allows the Commission to approve proposed revisions to the Access Arrangement without requiring production of Access Arrangement information or public consultation if:

- (a) the revisions have been proposed by the Service Provider other than as required by the Access Arrangement; and
- (b) the Relevant Regulator considers that the revisions proposed are not material.

VENCORP argued that these proposed revisions (as constituted by the proposed rule changes) do not impact on the Access Arrangement in any material respect.

In the course of its public consultation relating to an application by VENCORP for minor variation of the authorisation of the MSOR, the Commission sought the views of interested parties on whether the proposed rule changes are material to the Access Arrangement (in so far as they constitute proposed revisions).

No submissions were received on the proposed rule changes.

² Section 24A(3) of the *Gas Pipelines Access (Victoria) Act 1998* provides that section 2.33 of the Victorian Access Code continues to apply in respect of an Access Arrangement in force before the repeal of Part 4B of the *Gas Industry Act 1994* until the first review of the Access Arrangement under section 2 of the National Access Code (31 March 2002, clause 5.8.1 of the Access Arrangement). The VENCORP Access Arrangement was in force prior to the repeal of Part 4B of the *Gas Industry Act 1994* and hence VENCORP requested the Commission consider this application under section 2.33 of the Victorian Access Code.

The Commission accepted the view that the proposed revisions are not material to the VENCORP Access Arrangement and decided to dispense with the requirement to produce Access Arrangement Information and the consultation process outlined in section 2 of the National Access Code.³

4. Criteria for assessing proposed revisions

Section 2.46 of the National Access Code provides that the Commission may approve proposed revisions to an Access Arrangement only if it is satisfied the Access Arrangement as revised would contain the elements and satisfy the principles in sections 3.1 to 3.20 of the Code. In assessing proposed revisions, the Commission must take into account:

- the factors described in section 2.24 of the Code; and
- the provisions of the Access Arrangement.

4.1 Requirements of section 2.24

Section 2.24 requires that the Access Arrangement contains the elements and satisfies the principles set out in sections 3.1 to 3.22. These sections set out the elements that an Access Arrangement must include as a minimum – namely a services policy, Reference Tariffs, terms and conditions, a capacity management policy, a trading policy, a queuing policy, an extensions/expansions policy and a review date.

Section 2.24 also requires that the Commission take into account:

- (a) the Service Provider's legitimate business interests and investment in the Covered Pipeline;
- (b) firm and binding contractual obligations of the Service Provider or other persons (or both) already using the Covered Pipeline;
- (c) the operational and technical requirements necessary for the safe and reliable operation of the Covered Pipeline;
- (d) the economically efficient operation of the Covered Pipeline;
- (e) the public interest, including the public interest in having competition in markets (whether or not in Australia);
- (f) the interests of Users and Prospective Users;
- (g) any other matters that the Relevant Regulator thinks are relevant.

The Commission considers that these proposed revisions in question do not remove any of the elements of the VENCORP Access Arrangement that was approved under section 2.19 of the Code on 16 December 1998. Moreover, the Commission considers that the proposed revisions do not affect the substance of the Access Arrangement in such a way that takes it outside the principles set out in sections 3.1 to 3.22.

The Commission has taken the matters set out in section 2.24 into account and considers that the proposed revisions do not impact on the Access Arrangement in such a way that the Commission should no longer consider that the Access Arrangement contains the elements and satisfies the principles set out in sections 3.1 to 3.20 of the National Access Code.

³ Section 2 of the National Access Code prescribes a more comprehensive public consultation process than that undertaken by the Commission in the course of its assessment of the application by VENCORP for minor variation of the authorisation of the MSOR.

4.2 The provisions of the Access Arrangement

The minimal effect of the proposed revisions on the substance of the Access Arrangement means that the provisions of the Access Arrangement do not require any redrafting.

5. Decision

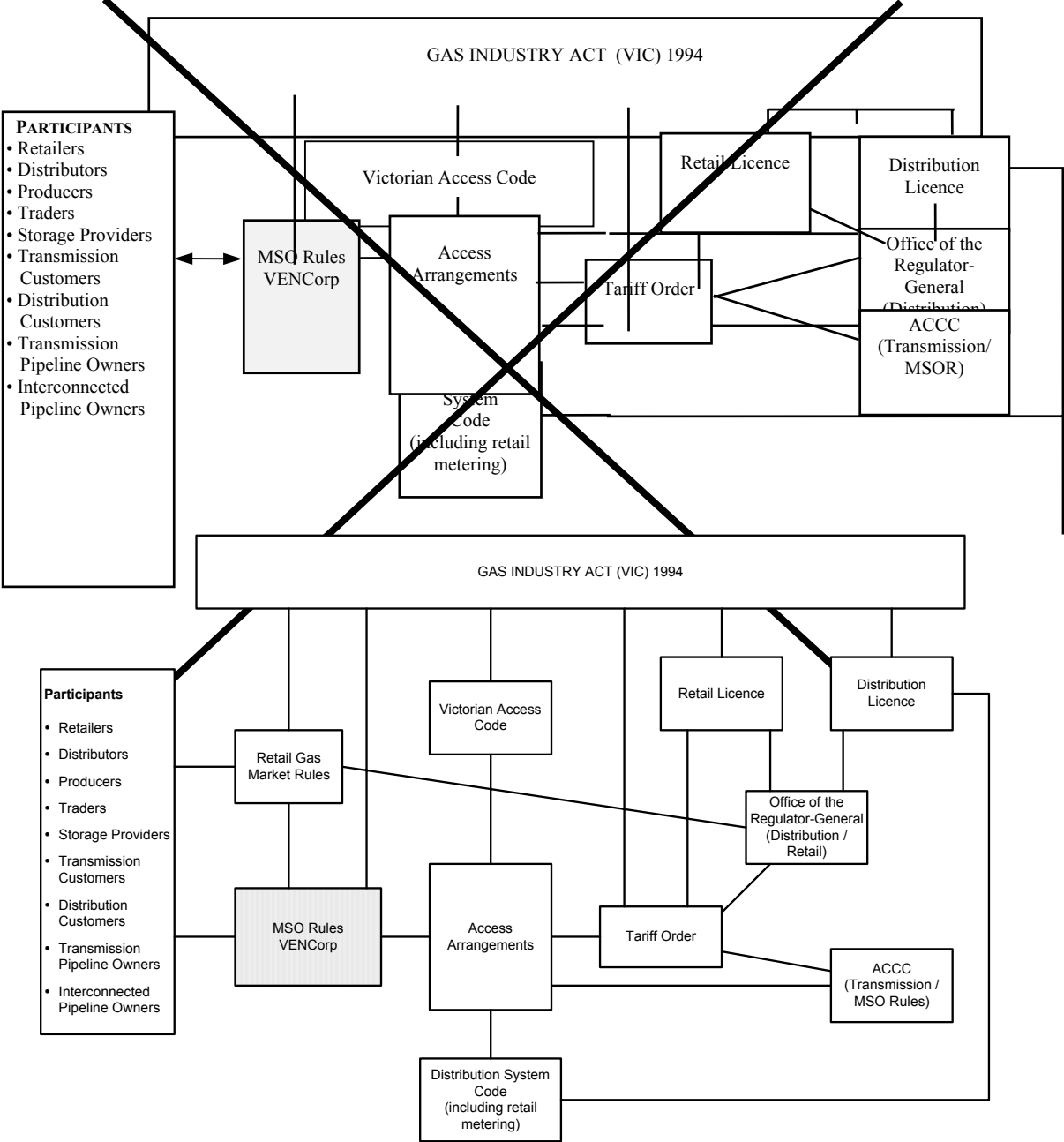
The Commission has taken into account the factors described in section 2.24 of the National Access Code and the provisions of the Access Arrangement, and is satisfied that the revised Access Arrangement contains the elements and satisfies the principles set out in sections 3.1 to 3.20 of the National Access Code.

Pursuant to section 2.46 of the National Access Code, the Commission approves the proposed revisions that are the subject of this application.

PROPOSED MSO RULES CHANGES

1.1.3 The regulatory framework

REGULATORY FRAMEWORK



1.2.1 Obligations of VENCORP

- (a) VENCORP must:
- (1) operate the *transmission system* and
 - (2) operate the administration of the *market*,
- in accordance with the *Gas Industry Act* and these Rules and the *Retail Gas Market Rules* and taking into consideration the *VENCORP functions* and the *market objectives* and VENCORP must allocate appropriate resources to enable it to do so.

2.1 Registration with VENCORP

- (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;
 - ~~(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.

2.6 Market fees

- (c) Unless otherwise approved by the *Regulator*, each *Participant* must pay to VENCORP *market fees* in accordance with this clause 2.6(c):
- (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~~ are connected to a *transmission delivery point* at which there is a ~~meter~~ metering installation from which VENCORP is responsible for collecting *metering data* must pay, in respect of each such ~~withdrawal on that gas day,~~ metering installation 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~~ are connected to a *distribution delivery point* at which there is a ~~meter~~ metering installation from which VENCORP is responsible for collecting *metering data* must pay, in respect of each such ~~withdrawal on that gas day,~~ metering installation 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~~ is connected to a distribution delivery point at which there is a meter metering installation from which *VENCorp* is responsible for collecting *metering data* must pay, in respect ~~fe-of~~ that ~~withdrawal on that gas day metering installation~~, a metering fee associated with a “distribution supply point” as defined in the *Tariff Order* and as determined in accordance with the *Tariff Order*;

(5a) with the exception of data provided to *VENCorp* for settlement in accordance with the *Retail Gas Market Rules*, where gas quantities are provided to *VENCorp* by an *Allocation Agent* or otherwise derived by *VENCorp* for the purpose of settlement, the *Market Participant* for which the information is required shall be deemed to have a *metering installation* for the purpose of this clause 2.6.

- (6)
- (7)
- (8)
- (9)
- (10)

3.3.2 Funding the participant compensation fund

- (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 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.

3.5.2 Injection allocations

- (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).
- (ma) Where *VENCorp* has acted in accordance with clause 3.5.2(m) then *VENCorp* may recover reasonable costs incurred in applying that clause from those *Market Participants* to which the application has applied and those *Market Participants* must pay *VENCorp* those costs.

3.5.3 Withdrawal allocations – ~~non-SAW~~ points

- (a) Where gas is withdrawn, or tendered for withdrawal, at a ~~non-SAW~~ delivery 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~~ delivery point by each *Market Participant*, the *Market Participants* who withdraw gas, or tender gas for withdrawal, at that ~~non-SAW~~ delivery 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* or distribution system by each of those *Market Participants* from time to time at that ~~non-SAW~~ delivery point.
- (b) Unless otherwise agreed by *VENCorp*, a *Market Participant* must not submit *nominations* or *inc/dec offers* in respect of a ~~non-SAW~~ delivery point to which clause 3.5.3(a) applies or withdraw, or tender for withdrawal, gas at a ~~non-SAW~~ delivery point to which clause 3.5.3(a) applies unless:
- (1) that *Market Participant* has appointed the *Allocation Agent* for that ~~non-SAW~~ delivery point for the purpose described in clause 3.5.3(a); and
 - (2) the *Allocation Agent* for that ~~non-SAW~~ delivery 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~~delivery point to which clause 3.5.3(a) applies.
- (d) Each *Market Participant* must immediately notify *VENCorp* if an *Allocation Agent* ceases to be appointed by it in relation to any ~~non-SAW~~delivery point to which clause 3.5.3(a) applies.
- (g) Each *Allocation Agent* must, in respect of each ~~non-SAW~~delivery point in respect of which it has been appointed, give to *VENCorp*, not later than 5:00 p.m. on the third calendar 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~~delivery 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~~delivery point on that *gas day*;
 - (4) the total quantity of gas withdrawn from the *transmission system* at that ~~non-SAW~~delivery 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~~delivery 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~~delivery point to which clause 3.5.3(a) applies must equal the total quantity of gas withdrawn from the *transmission system* or distribution system during that *trading interval* at that ~~non-SAW~~delivery 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~~delivery point to which clause 3.5.3(a) applies on a *gas day*, that *Market Participant* may submit to *VENCorp*, not later than 5:00 p.m. on the third calendar 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~~delivery 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~~delivery point for the purposes of clause 3.5.3(i).
- (l) If, in relation to a delivery point to which clause 3.5.3(a) applies:
 - (1) an *Allocation Agent* has not been appointed in respect of a ~~non-SAW~~that delivery point; or
 - (2) *VENCorp* is notified by a *Market Participant* that the appointment of an *Allocation Agent* in respect of a ~~non-SAW~~that delivery 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~~delivery 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 delivery point*~~.

- (m) ~~If clauses 3.5.3(f) or (l) apply, then the quantity of gas which is to be treated for settlement purposes as having been withdrawn by each *Market Participant* at the relevant delivery point shall be that quantity reasonably determined by *VENCorp* using the information available to it at the time and following consultation with the affected *Market Participants*.~~
- (ma) ~~Where *VENCorp* has acted in accordance with clause 3.5.3(m) then *VENCorp* may recover reasonable costs incurred in applying that clause from those *Market Participants* to which the application has applied and those *Market Participants* must pay *VENCorp* those costs.~~
- (n) ~~An *Allocation Agent* may be appointed to act in relation to more than one *non-SAW delivery 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*.~~
- (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:~~
 - (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*.~~

3.6.4 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)~~ and (da) in that *trading interval*.
- (d) A *Market Participant's adjusted withdrawals* at a *system withdrawal point* ~~or a *distribution delivery point*~~ are to be determined:
 - (1a) subject to clauses 3.6.4(d)(1) and 3.6.4(d)(2), at that *system withdrawal point* as the metered quantity of gas withdrawn, adjusted in accordance with clause 3.6.4(b)
 - (1) at a ~~*SAW point*, or a *non-SAW system withdrawal 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~~2~~ or 3.5.4, as appropriate, adjusted in accordance with clause 3.6.4(b);
 - (2) at a ~~*non-SAW system withdrawal point*~~ at which an *Allocation Agent* ~~has not~~ should have been appointed under clause 3.5.3(a) but has not been appointed, as the ~~*metered*~~ metered quantity of gas determined in accordance with clause 3.5.3(m), ~~withdrawn at that *system withdrawal point*~~, adjusted in accordance with clause 3.6.4(b)~~2~~, 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).~~

- (da) A Market Participant's adjusted withdrawals at a distribution delivery point are:
- (1) at that distribution delivery point, subject to clauses 3.6.4(da)(2) and 3.6.4(da)(3), determined as:
 - (A) the metered quantity of gas withdrawn at that point; or
 - (B) the data provided to VENCORP for settlement purposes in accordance with the Retail Gas Market Rules for that point, adjusted in accordance with clause 3.6.4(c);
 - (2) at a distribution delivery point at which an Allocation Agent has been appointed in accordance with clause 3.5.3(a), determined as the quantity of gas allocated to that Market Participant at that distribution delivery point in accordance with clause 3.5.3, adjusted in accordance with clause 3.6.4(c); and
 - (3) at a distribution delivery point at which an Allocation Agent should have been appointed under clause 3.5.3(a) but has not been appointed, determined as the quantity of gas determined in accordance with clause 3.5.3(m), adjusted in accordance with clause 3.6.4(c).

3.6.5 Settlement amounts for billing periods

- (b) The settlement amount for a Market Participant for a billing period equals the sum of:
- (1)
 - ~~(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)
 - (5)
 - (6)
 - (7)
 - (8)
 - (9)
- where applicable, under clause 3.8.

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 in accordance with clause 3.6.19(d) 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).~~

- (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)~~3.6.19(d).
- (c) *VENCorp* must revise each *final statement* issued in accordance with clause 3.6.15 using, for the purpose of that revision, the most recent information available to *VENCorp* on the 118th *business day* after the relevant *billing period*, and *VENCorp* must issue a *revised statement* for the relevant *billing period* in accordance with clause 3.6.19(d).
- (d) *VENCorp* must issue to each *Market Participant* affected by a revision a *revised statement* for the relevant *billing period* within 5 *business days* of a revision made in accordance with this clause 3.6.19 setting out:
 - (1) 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
 - (2) 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).

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*.
- (aa) If the next *final statement* payment date occurs 10 *business days* or more after the issue of a *revised statement* under clause 3.6.19 then *VENCorp* must require payment of the adjustment under that *revised statement* to be made on that next *final statement* payment date.
- (ab) If the next *final statement* payment date occurs less than 10 *business days* after the date of issue of a *revised statement* under clause 3.6.19 then *VENCorp* must require payment of the adjustment under that *revised statement* to be made on the *final statement* payment date following the next *final statement* payment date.

3.7.9 Monitoring

- (a) Each day, *VENCorp* must review its ~~actual-estimated~~ exposure to each *Market Participant* in respect of previous *billing periods* under these Rules.
- (b) In calculating *VENCorp*'s ~~actual-estimated~~ 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-estimated~~ 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
 - (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* based on substituted or available profiled *metering data* in accordance with procedures developed and *published* from time to time by *VENCorp* in consultation with *Market Participants*.~~
 - (B) for *metering installations*, the actual *metering data* or if actual *metering data* is not available then *metering data* substituted by *VENCorp* in accordance with clause 4.4.24; and
 - (C) data provided to *VENCorp* in accordance with the *Retail Gas Market Rules*.
- (d) If *VENCorp* calculates that its ~~actual~~estimated 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

- (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~~estimated 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~~estimated exposure to the *Market Participant* to below the *Market Participant's* *trading limit*.

4.4.1 Introduction to the metering rules

- ~~(b) — This clause 4.4 sets out the *metering* requirements:~~
- ~~(1) — for *connection points* on the *transmission system*;~~
 - ~~(2) — for *distribution delivery points* at which gas is withdrawn by:

 - ~~(A) — *Market Customers*; and~~
 - ~~(B) — *Customers* who are purchasing that gas in its entirety from a person other than the *Local Retailer*; and~~~~
 - ~~(3) — for *distribution delivery points* as determined by *VENCorp*:

 - ~~(A) — for the purposes of giving effect to an *allocation algorithm* developed in accordance with clause 3.5.4; or~~
 - ~~(B) — for which *metering data* is otherwise required for the purpose of *settlement*.~~~~
- (b) This clause 4.4 requires the following connection points to have *metering installations*:
- (1) *connection points* on the *transmission system*;
 - (2) *distribution delivery points* at which gas is withdrawn by *Market Customers*;
 - (3) other *distribution delivery points* as reasonably determined by *VENCorp* as required for the operation of the *transmission system* or for *settlement*; and
 - (4) *receipt points* on a *distribution pipeline*.
- (e) — The key principles adopted in this clause 4.4 are:
- (1) — each:
 - (A) — *connection point* on the *transmission system*;

- ~~(AA) receipt point on a distribution pipeline;~~
- ~~(B) distribution delivery point at which gas is withdrawn by a Market Customer or a Customer who is purchasing gas in its entirety from a person other than the Local Retailer; and~~
- ~~(C) distribution delivery point as determined by VENC Corp for the purposes of giving effect to an allocation algorithm developed in accordance with clause 3.5.4;~~
- ~~(D) distribution delivery point for which metering data is otherwise required by VENC Corp for the purpose of settlement,~~

(19) VENC Corp 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

required by VENC Corp for the operation of the transmission system or for settlement.

4.4.2 Obligations of Market Participants to establish metering installations

- (c) Before a *Market Participant* can inject gas at a *connection point* on a *distribution pipeline*, or withdraw or supply gas for withdrawal at a *distribution delivery point* from which ~~the a tariff D~~ *Customer* purchases gas from a *Retailer* other than the *Customer's Local-Host Retailer*, the *Market Participant* must in respect of that *connection point* or *distribution delivery point*:
 - (1) ensure that there is a *metering installation* at that *connection point* or *distribution delivery point*;
 - (2) ensure that *metering installation* is installed in accordance with this clause 4.4 and is accurate in accordance with clause 4.4.8; and
 - (3) register that *metering installation* with VENC Corp.
- (d) VENC Corp may refuse to permit a *Market Participant* to inject gas into a *connection point* on a *distribution pipeline*, or withdraw or supply gas for withdrawal at a *distribution delivery point* where the *Customer* purchases that gas from a *Retailer* other than its *Local-Host Retailer* if the *metering installation* at that *connection point* or *delivery point* does not comply with the provisions of this clause 4.4.

4.4.3 Responsibility for metering installation

- (b) Subject to clause 4.4.3(d), the *responsible person* for a *metering installation* at:
 - (1)
 - (2)
 - (3)
 - (4)
 - (5) a *distribution delivery point* at which a *Market Customer* or a *Customer* who is buying gas from a *Retailer* other than the *Customer's Local-Host Retailer* is connected is the *Distributor* associated with that *distribution delivery point*, unless otherwise agreed by that *Distributor* and the relevant *Market Participant*; and
 - (6)

4.4.18 Data transfer and collection

- ~~(d) Without prejudice to the generality of clause 4.4.18(c), for all *delivery points* at which *Customers* withdraw 100,000GJ of gas per annum or more, and all *distribution delivery points* identified prior to 1 September 2000 at which *Customers* withdraw more than 10,000GJ per annum and for which *metering data* is required for~~

- ~~the purposes of the *allocation algorithm* developed in accordance with clause 3.5.4, 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*~~
- (d) Without prejudice to the generality of clause 4.4.18(c), the *responsible person* must ensure that each of its *metering installations* contains such communication equipment as *VENCorp* may reasonably require to:
- (1) enable *metering data* to be transmitted to the *metering database*; and
 - (2) enable *VENCorp* to obtain remote access to the *metering data* from the *metering database*,
- for the purpose of *VENCorp*'s operation of the transmission system, for determination of settlement and/or for maintaining metering integrity.

4.4.20 Metering database

- (d) The *metering database* must include *metering data*, *energy data*, *energy calculations*, gas quality data, data substituted in accordance with this clause 4.4 or data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules* and all calculations made for *settlement* purposes.

4.4.21 Register of metering information

- ~~(ca) Prior to the date on which the group of *Customers* who withdraw more than 500,000GJ per year from a *connection point* become *Non-Franchise Customers* to whom any *Retailer* is authorised to sell gas under its retail licence, *VENCorp* must, in consultation with *Participants*, develop and *publish* transfer procedures for *Non-Franchise Customers* transferring from one *Retailer* to another *Retailer*.~~
- ~~(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 transfer between *Retailers* of customers who are not *Franchise Customers*.~~
- ~~(e) *VENCorp* is not obliged to accept registration data in relation to a customer who is not a *Franchise Customer* transferring between *Retailers* if such registration data is not provided in accordance with the transfer procedures referred to in clause 4.4.21(d).~~

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 for *metering data* in consultation with *Participants*.
- (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 or otherwise collected from a *metering installation* and delivered to the *metering database* within the time required for *settlement*,

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

4.4.25 Confidentiality

Metering data and data provided to *VENCorp* for *settlement purposes in accordance with the Retail Gas Market Rules* 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* or data provided to *VENCorp* for *settlement purposes in accordance with the Retail Gas Market Rules*.
- (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* and data provided to *VENCorp* for *settlement purposes in accordance with the Retail Gas Market Rules*, including *metering data* which is stored in the *metering database*.

4.4.27 Evolving technologies and processes and development of the market

- ~~(b) Prior to the group of customers referred to in section 6B(1)(c) of the Gas Industry Act 1994 ceasing to be Franchise Customers, *VENCorp* must review the requirement for *metering installations* to be installed at *distribution delivery points* from which gas is withdrawn by any *Customer* who purchases its gas from a *Retailer* other than the *Local Retailer*.~~

Now an historic event and may be deleted

SCHEDULE 4.2 METERING REGISTER

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:

- (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
 - (11) base load; and
 - (12) temperature sensitivity factor.
- (c) Associated parties:
- (1) *metering data* agency identification;
 - (2) *responsible person* identification;
 - (3) *Market Participant* settling account identification;
 - (4) host *Retailer* identification;
 - (5) supplying *Retailer* identification;
 - (6) relevant *Distributor* identification; ~~and~~
 - (7) *Allocation Agent* identification; ~~and~~
 - (8) supplier of last resort identification

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*;
 - (5) meter installation registration number (MIRN);
 - (6) base load;
 - (7) temperature sensitivity factor; and
 - (8) Customer characterisation.

5.4.1 Confidentiality

- (a) Each *Participant* and *VENCorp* must keep confidential any *confidential information* which comes into the possession or control of that *Participant* or *VENCorp* of which the *Participant* or *VENCorp* (as the case may be) becomes aware.
- (b) A *Participant* and *VENCorp*:
- (1) must not disclose *confidential information* to any person except as permitted by these Rules or the Retail Gas Market Rules;
 - (2) must only use or reproduce *confidential information* for the purpose for which it was disclosed or another purpose contemplated by these Rules or the Retail Gas Market Rules; and
 - (3) must not permit unauthorised persons to have access to *confidential information*.

5.4.2 Exceptions

This clause 5.4 does not prevent:

- (b) the disclosure of information by a *Participant* or *VENCorp* or by persons to whom the *Participant* or *VENCorp* (as the case may be) has disclosed that information to:
- (1) an employee or officer of the *Participant* or a related body corporate of the Participant (other than, in respect of the information referred to in clause 5.4.1(d), the Retailer that is a related body corporate of a Distributor)(other than a related body corporate of the Retailer) of the Participant; or
 - (2) a legal or other professional adviser, auditor or other consultant of the *Participant* or *VENCorp* (as the case may be),
- which requires the information for the purposes of these Rules, or for the purpose of advising the *Participant* or *VENCorp* in relation these Rules;

7.2.2 Appointment of Adviser and panel group

- (d) If the *Adviser* does not, in the reasonable opinion of *VENCorp*, continue to meet the requirements of clause 7.2.2(b) or clause 1.5.2(b) of the Retail Gas Market Rules, *VENCorp* may terminate the appointment of the *Adviser* and appoint a new *Adviser*.

SCHEDULE 7.1 CLASSIFICATION OF RULES

3.5.3(a)	Market Participant must appoint an <i>Allocation Agent</i> at non-SAW <u>delivery points</u> .	CP
3.5.3(c)	Only one <i>Allocation Agent</i> shall be appointed for each non-SAW <u>delivery point</u> .	CP
3.5.4	VENCorp must establish allocation algorithm, give copy to Market Participants, review the allocation algorithm.	RP
3.5.5(a)-(f)	Establishment and review of reconciliation procedures by VENCorp, consultation with	RP

Market Participants, provision of copies.	
3.5.5(g) — Market Participants must comply with reconciliation procedures.	CP
4.4.21(ca), 4.4.21(d) — VENC Corp must establish transfer procedures to deal with registration procedures of Non-Franchise Customers transferring between Retailers.	RP

11. GLOSSARY

allocation algorithm	The algorithm which <i>VENC Corp</i> is required to establish under clause 3.5.4(a).
Franchise Customer	A <i>Customer</i> if a <i>Retailer</i> who is: (a) — not a <i>Non-Franchise Customer</i> , except a customer who is not a <i>Non-Franchise Customer</i> and who is sold gas by a <i>Retailer</i> in a new area pursuant to a new areas licence issued under section 6B(3) of the <i>Gas Industry Act</i> ; or (b) — a <i>Non-Franchise Customer</i> to whom the <i>Retailer</i> under its licence has an exclusive right to sell gas.
Local Host Retailer	In respect of a geographical area, a <i>Retailer</i> whose retail licence issued under the <i>Gas Industry Act 1994</i> authorises that <i>Retailer</i> to sell gas to <i>Franchise Customers</i> located in that geographical area. For the distribution system operated by TXU Networks (Gas) Pty Ltd (ACN 086 015 036) and its successors the Host Retailer is Pulse Energy Pty Ltd (ACN 090 538 337) and its successors. For the distribution system operated by Vic Gas Distribution Pty Ltd (ACN 085 899 001) and its successors the Host Retailer is TXU Pty Ltd (ACN 086 014 968) and its successors. For the distribution system operated by Multinet Gas (DB N0 1) Pty Ltd (ACN 086 026 986) and Multinet Gas (DB N0 2) Pty Ltd (ACN 086 230 122) (trading as “Multinet Partnership”) and its successors the Host Retailer is Origin Energy (Vic) Pty Ltd (ACN 086 013 283) and its successors.
metering data	The data obtained or derived from a <i>metering installation</i> , including <i>energy data</i> .
metering installation	The <i>meter</i> and associated equipment and installations installed or to be installed for the collection of <i>metering data</i> required for <i>settlement purposes</i> as required under clause 4.4 for <i>connection points</i> , <i>distribution delivery points</i> and <i>receipt points</i> .
negative reconciliation amount	An amount which a <i>Market Participant</i> is required to pay to <i>VENC Corp</i> in respect of a <i>billing period</i> following reconciliation in accordance with clause 3.5.5.
Non-Franchise Customer	The same meaning as in the <i>Gas Industry Act</i> .
non-SAW point	A <i>system withdrawal point</i> other than a <i>SAW point</i> .

positive reconciliation amount	An amount which <i>VENCorp</i> is required to pay to a <i>Market Participant</i> in respect of a <i>billing period</i> following reconciliation in accordance with clause 3.5.5.
reconciliation amount	A positive reconciliation amount or a negative reconciliation amount.
reconciliation procedures	The procedures for the purpose of carrying out reconciliation and adjustment which <i>VENCorp</i> is required to establish under clause 3.5.5(a).
<u>Retail Gas Market Rules</u>	<u>Rules made under the GIA.</u>
revised statement	A statement issued by <i>VENCorp</i> under clause 3.6.19 following the resolution of a dispute or correction of an error relating to a <i>final statement</i> ; <u>or a revision determined for the 118th business day after the billing period.</u>
SAW point	A system withdrawal point at which gas is withdrawn from the transmission system and injected into a distribution pipeline and which is designated by <i>VENCorp</i> as a system withdrawal point to which the allocation algorithm applies.

end.

