



# GUIDELINES FOR APPLICANTS

RELEASE OF AUTHORISED MDQ 2017

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# 1. INTRODUCTION

Rule 329F(3) of the National Gas Rules (NGR) requires AEMO to periodically allocate relinquished authorised maximum daily quantity (authorised MDQ). The amount of relinquished authorised MDQ available for allocation is published on AEMO's website.<sup>1</sup>

Rule 329F(3)(a) of the NGR stipulates that where there is sufficient available authorised MDQ to satisfy all the allocation requests, AEMO must allocate the available authorised MDQ to each of those persons who have requested the allocation. If there is insufficient available authorised MDQ to satisfy the requirements of all allocation requests, rule 329F(3)(b) requires AEMO to conduct an auction amongst all persons from whom AEMO has received requests for authorised MDQ. AEMO allocates available authorised MDQ in accordance with clause 5 of the Wholesale Market AMDQ Procedures (Victoria) published on the AEMO website.<sup>2</sup>

This document provides information further to the Release of Authorised MDQ Notice<sup>1</sup> as a guide for interested parties to fill out the Authorised MDQ Request and Bid Form<sup>3</sup> and to understand the allocation process.

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<sup>1</sup> AEMO. *Release of Authorised MDQ Notice*. Available at: <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/Authorised-MDQ-Auction>.

<sup>2</sup> AEMO. *Wholesale Market AMDQ Procedures (Victoria)*, 25 November 2016. Available at: <http://www.aemo.com.au/-/media/Files/Gas/DWGM/2016/Wholesale-Market-AMDQ-Procedures.pdf>.

<sup>3</sup> AEMO. *Authorised MDQ Request and Bid Form*. Available at: <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/Authorised-MDQ-Auction>.

## 2. FREQUENTLY ASKED QUESTIONS

### 2.1 How does AEMO allocate available authorised MDQ?

AEMO publishes a notice of the amount of relinquished authorised MDQ that can be allocated to eligible applicants. Applicants request an allocation of a specified quantity of authorised MDQ by completing and submitting the Authorised MDQ Request and Bid Form<sup>3</sup>. This consists of both the request for allocation of authorised MDQ and the auction bids. If there is sufficient available authorised MDQ to satisfy all persons who have requested an allocation, AEMO will allocate in accordance with their requirements free of charge. If there is insufficient available authorised MDQ to satisfy all persons who have requested an allocation, AEMO will conduct an auction based on the bids submitted in the form.

### 2.2 How do I request an allocation of authorised MDQ?

Please provide the allocation request details in part 2 of the Authorised MDQ Request and Bid Form<sup>3</sup>. If there is sufficient authorised MDQ for all received requests, it will be allocated to you free of charge, therefore no price information is required in this section. Requests under part 2 of the form are not valid for an auction (if one is required).

You can request allocation to a specified meter installation registration number (MIRN) or to the Reference Hub. For example, if you are requesting an allocation of 200 GJ to a MIRN 5123456777, you should fill in the bid table in part 2 of the form as follows:

Allocation Request*										
MIRN / Reference Hub	5	1	2	3	4	5	6	7	7	7
Site Address (must be filled in for an allocation to a MIRN)	15 Example Road Suburb1 VIC 3123									
Requested Quantity of Authorised MDQ to be Allocated (GJ)	200									

### 2.3 How do I participate in the auction of authorised MDQ?

Please provide the bidding details in part 3 of the Authorised MDQ Request and Bid Form<sup>3</sup>. **Please note AEMO will not issue a further invitation to submit bids.** If you do not complete part 3 when you first submit the form, you cannot participate in the auction,

Each bid must relate to a single MIRN or the Reference Hub and may contain up to five price steps. Bid quantities are not cumulative; for each price step you should specify the quantity of gas (in GJ) that you wish to buy at that price. All bid prices are taken to be **exclusive of GST**.

For example, if you are prepared to pay \$10.00 for 100 GJ and \$7.00 for an additional 50 GJ for a total of 150 GJ from the Reference Hub, you should fill out the bid table in part 3 of the form as follows:

Auction Bids Details*					
MIRN / Reference Hub	HUB				
Site Address (must be filled in for an allocation to a MIRN)					
	Bid 1	Bid 2	Bid 3	Bid 4	Bid 5
Bid Quantity (GJ) Based on Reference Hub	100	50			
Bid Price (\$)*** per GJ Ex GST	10.00	7.00			
Accept Partial Allocation of Authorised MDQ? (Yes/No)****	Yes	Yes			

## 2.4 What is a MIRN?

MIRN stands for Meter Installation Registration Number. Every site has a registered MIRN of 10 digits for identification. If you are a customer and need to know your site’s MIRN number, please contact your retailer or AEMO at [markets.settlements@aemo.com.au](mailto:markets.settlements@aemo.com.au).

## 2.5 Can I request or bid for authorised MDQ to a MIRN location of a system withdrawal point at an interconnected facility?

Yes, but only if you provide acceptable evidence that you hold firm capacity on that interconnected facility. This evidence comes from the service provider for the interconnected facility, and (if the applicant is not a primary shipper) from the primary shipper and any intermediate shippers. AMDQ Service Provider Confirmation Form and AMDQ Primary Shipper Confirmation Form are available on AEMO website <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity>. Please refer to clause 2.5 of the Wholesale Market AMDQ Procedures (Victoria)<sup>2</sup> for detailed requirements, and submit your evidence with the Authorised MDQ Request and Bid Form. In addition, you must have an existing accredited controllable quantity sufficient to cover the maximum nominated quantity that will apply if you are allocated the authorised MDQ in your request or bid. These requirements are similar to the criteria for authorised MDQ transfer requests for a system withdrawal point.<sup>2</sup>

## 2.6 In the auction, how does AEMO decide which bids are successful?

Allocation is on the basis of the highest bid price to the lowest bid price.

For example, the total available authorised MDQ for an auction is 6,486 GJ and the table below is a summary of auction results:

Applicants	Bid		Allocation (GJ)
	Price (\$)	Quantity (GJ)	
A	50.00	450	450
B	49.00	1000	1000
C	48.50	2600	2600
D	48.00	336	336
E	47.00	2000	2000
F	35.00	1000	100
G	30.00	750	-
H	25.00	500	-
<b>Total Allocation</b>			<b>6486</b>

In this example applicants A, B, C, D, and E will get the full allocation at a price they had bid for. Applicant F will get part of the allocation at their bid price. Applicants G and H will not receive any authorised MDQ allocation.

If the last successful bids are tied, the remaining available authorised MDQ will be allocated among the relevant parties on a pro-rata basis according to the bid quantity.

For example, both applicants E and F bid at \$47.00 for 2000GJ and 1000GJ respectively. The table below is a summary of the auction results.

Applicants	Bid		Allocation (GJ)
	Price (\$)	Quantity (GJ)	
A	50.00	450	450
B	49.00	1000	1000
C	48.50	2600	2600
D	48.00	336	336
E	47.00	2000	1400
F	47.00	1000	700
G	30.00	750	-
H	25.00	500	-
<b>Total Allocation</b>			<b>6486</b>

## 2.7 How do I know if my request/bid was successful?

Successful parties will be notified in writing and will be invoiced for authorised MDQ according to the successful bid price or prices plus GST. The invoice will be emailed to the contact details provided under Payment Details in part 1 of the Authorised MDQ Request and Bid Form. Please refer to the Release of Authorised MDQ Notice for the date of notification.

## 2.8 Will I receive the full request or bid amount of authorised MDQ at my site?

The amount of authorised MDQ available for release is based on a load diversity factor of 1.000 and location at the Reference Hub (locational factor of 1.000). The authorised MDQ that you obtain through the allocation process may be a different amount subject to the Diversity and Locational factor of any nominated site (MIRN).

For example, your site’s diversity factor, D, is 1.000 and locational factor, L, is 2.750 (authorised node of Traralgon). If you are allocated 100 GJ of authorised MDQ, your amount at the site after adjustment for the locational and diversity factor will be as follows:

$$\begin{aligned}
 \text{Authorised MDQ (applicant’s site quantity)} &= \text{Authorised MDQ (Hub quantity)} \times (D / L) \\
 &= 100 \text{ GJ} \times (1.000 / 2.750) \\
 &= 36.364 \text{ GJ}
 \end{aligned}$$

If you wished to receive 100 GJ at your site, you would need to request or bid for 275 GJ:

$$100 \text{ GJ at applicant’s site} \times 2.750 / 1.000 = 275 \text{ GJ at the hub}$$

For more information on locational and diversity factors, refer to the AMDQ Transfer Algorithms document on AEMO’s website.<sup>4</sup> If you would like to confirm your site’s diversity and locational factors, please contact [markets.settlements@aemo.com.au](mailto:markets.settlements@aemo.com.au).

## 2.9 What is the default diversity factor used?

The default diversity factor is 1.000.

## 2.10 Where can I find default locational factors for my site?

Refer to table 1 of the AMDQ Transfer Algorithms published on AEMO website.<sup>4</sup>

<sup>4</sup> AEMO. *AMDQ Transfer Algorithms*, 3 April 2012. Available at: <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity>.



## **2.11 When will AEMO allocate authorised MDQ to successful parties?**

AEMO will process the authorised MDQ allocations within 5 business days from the day payment is received. AEMO will then email a confirmation letter to the contact email address provided in the Company Details section in part 1 of the Authorised MDQ Request and Bid Form.

## **2.12 When do I pay if my bid was successful in the auction, and what happens if I fail to pay?**

Successful auction bidders must make full payment for all successful bids within 20 business days of the invoice date, or as agreed with AEMO (maximum 5 business days extension). If a bidder fails to make full payment within this timeframe, AEMO will cancel the allocation and re-allocate to any remaining bidders until the available authorised MDQ is fully allocated.

Accepted payment methods are through EFT, Credit Card or Cheque. If it is through EFT, AEMO must be informed of the invoice number you are paying for. For all payments made via credit card, contact Lee Reid or Accounts Receivable on (03) 9609 8595.

For more information on payment methods, contact Accounts Receivable on (03) 9609 8595 or email [Accounts.Receivable@aemo.com.au](mailto:Accounts.Receivable@aemo.com.au).

## **2.13 Where can I find more information on the release of authorised MDQ?**

Please refer to the Authorised MDQ Auction website <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/Authorised-MDQ-Auction>.

## **2.14 I have further questions, where can I find more information?**

Please contact [markets.settlements@aemo.com.au](mailto:markets.settlements@aemo.com.au).