

GAS SUPPLY HUB

- REALLOCATION PROCEDURES

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Approved for distribution and use



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1 PRELIMINARY

1.1 Introduction

The Australian Energy Market Operator Limited (**AEMO**) has established a gas trading exchange known as the gas supply hub, in accordance with the National Gas Law and National Gas Rules. The gas supply hub takes the form of an electronic trading platform and related systems (**Exchange**), through which participants can trade physical gas and related Products in accordance with the gas trading exchange agreement (**Exchange Agreement**).

AEMO is the initial Operator of the Exchange.

1.2 This document

This document comprises the Reallocation Procedures established under clause 16.1 of the Exchange Agreement. The Reallocation Procedures:

- (a) Specify the eligibility requirements for Market Participants to make Reallocation Requests.
- (b) List the information that must be provided in a Reallocation Request.
- (c) List the validations applied to the submission and authorisation of a Reallocation Request.
- (d) Define the process for the deregistration of a Reallocation Request.
- (e) Define any terms used in this document that are not defined in the Exchange Agreement.

1.3 Amendment

This document may only be amended in accordance with the requirements for amending the Reallocation Procedures in the Exchange Agreement.

1.4 Guide to Gas Supply Hub Reallocations User Interface

The Guide to Gas Supply Hub Reallocations User Interface outlines detailed instructions for the submission, authorisation and viewing of Reallocation Requests.

2 PRELIMINARY

2.1 General

- (a) Terms defined in the National Gas Law, the National Gas Rules and the Exchange Agreement have the same meanings when used in this document unless otherwise stated.
- (b) The interpretation provisions in clauses 2.2, 2.3, 2.5, 2.6, 2.7 and 2.8 of the Exchange Agreement apply to the interpretation of this document as if they were set out in full in this document, substituting references to 'this agreement' with 'the Reallocation Procedures'.

2.2 Additional defined terms

In this document:

Applicable Reference Price is the Average Price for the Trading Location and Gas Day to which a Reallocation relates, referenced as 'AP (d,l)' in the Rules Methodology and the Settlements and Prudential Methodology .

Credit Participant is the Market Participant that is to be credited with the Reallocation Amount for a Reallocation, as part of Settlement for the relevant Billing Period.

Debit Participant is the Market Participant that is to be debited with the Reallocation Amount for a Reallocation, as part of Settlement for the relevant Billing Period.

Dollar Reallocation is a type of Reallocation where the Reallocation Amount is the Dollar Reallocation Amount specified for each Gas Day in the period to which the Reallocation Request relates.

Energy Reallocation is a type of Reallocation where the Reallocation Amount is the product of the Applicable Reference Price and the Energy Reallocation Quantity specified for each Gas Day in the period to which the Reallocation Request relates.

Reallocation Letter of Agreement is an agreement between a Market Participant with the Operator under which the Market Participant is authorised to submit and authorise Reallocation Requests.

Reallocation Request Service is the part of the Trading System providing the facility by which Reallocation Requests are submitted and authorised.

Submission Cut-off Date in respect of a Gas Day is 9:00am on the 14th Business Day after the end of the Billing Period in which that Gas Day falls. After that time, Reallocation Request submissions and authorisations for that Gas Day will no longer be accepted.

3 Reallocations

3.1 Reallocation

- (a) A Reallocation is a transaction, based on an agreement made between two Market Participants, under which the Operator credits one Market Participant with a settlement amount in respect of a Gas Day, in consideration of a matching settlement amount debited to the other Market Participant in respect of the same Gas Day.
- (b) A Reallocation can be for a single Gas Day or may span multiple Gas Days and multiple Billing Periods.
- (c) The Reallocation process commences with the submission and authorisation of a Reallocation Request by authorised Market Participants.
- (d) If the Reallocation Request passes the validations outlined in clauses 4.3 and 4.4, it will be registered and processed accordingly.

3.2 Reallocation Types

A Reallocation Request must specify the Reallocation Type as a Dollar Reallocation or as an Energy Reallocation.

3.2.1 Dollar Reallocation

- (a) The Dollar Amount specified for each Gas Day of the Reallocation is debited to a Market Participant (Debit Participant) and credited to another Market Participant (Credit Participant).
- (b) A Dollar Amount must be specified for each Gas Day of a Reallocation.

3.2.2 Energy Reallocation

- (a) The Reallocation Amount debited to the Debit Participant and credited to the Credit Participant is the product of the Energy Reallocation Quantity (GJ/day) and the Applicable Reference Price (\$/GJ).
- (b) An Energy Reallocation Quantity (in GJ) must be specified for each Gas Day of the Reallocation.
- (c) The Reallocation Request for Energy Reallocations must specify a Trading Location, which will determine the Applicable Reference Price.

3.3 Market Participant Authorisation

- (a) A Market Participant can only submit or authorise a Reallocation Request if authorised to do so by the Operator.
- (b) To be authorised for Reallocations a Market Participant must complete and lodge a Reallocation Letter of Agreement with the Operator.
 - (i) Market Participants must use the Reallocation Letter of Agreement template published on the Operator's website.

- (ii) The Reallocation Letter of Agreement must contain all relevant information and must be signed by an authorised representative of the Market Participant.
- (iii) The Operator will process the Reallocation Letter of Agreement within 10 business days and will notify the Market Participant once it has been authorised to submit and authorise Reallocation Requests.

4 Reallocation Requests

4.1 Reallocation Request

A Reallocation Request is an instruction submitted to the Operator, through the Reallocation Request Service, to initiate a Reallocation. Once a Reallocation Request has been submitted it must be authorised by the Market Participant that is the counterparty to the transaction. A Reallocation Request will be registered once it has been authorised and validated.

4.1.1 Reallocation Request Content

The content of a Reallocation Request is outlined in Table 1.

Table 1: Content of a Reallocation Request

Information Requirement	Description
Submitting Participant	The Market Participant that submits the Reallocation Request to the Operator.
Submitting Participant's Reference	Optional record supplied by the Submitting Participant to assist with their administration of the transaction.
Submitting Participant's Role	The Submitting Participant states its role in the transaction as the Debit Participant or the Credit Participant.
Counterparty	The Market Participant that is the counterparty to a submitted Reallocation Request.
Counterparty's Reference	Optional record supplied by the Counterparty to assist with their administration of the transaction.
Start Date	First Gas Day of the Reallocation
End Date	Last Gas Day of the Reallocation
Reallocation Type	The type of Reallocation. Dollar or Energy
Amount	Dollar Reallocation Amount where the Reallocation Type is Dollar. Energy Reallocation Quantity where the Reallocation Type is Energy. The amount or quantity can be the same for each Gas Day from the Start Date to the End Date, or the submitting participant may

Information Requirement	Description
	choose to enter a different amount or quantity for each Gas Day of the term of the Reallocation.
Trading Location	For Energy Reallocations, the Trading Location
Contractual Arrangement	Confirms that the Reallocation is in accordance with a contractual arrangement between the Market Participants.

4.1.2 Reallocation Request Processed Information

- (a) The Debit Participant to the Reallocation Request is defined as the Submitting Participant or the Counterparty in accordance with the Submitting Participant's Role specified in the Reallocation Request.
- (b) The Credit Participant to the Reallocation Request is defined as the Submitting Participant or the Counterparty in accordance with the Submitting Participant's Role specified in the Reallocation Request.

4.2 Reallocation Request Service

- (a) The Operator will provide Market Participants with a Reallocation Request Service for the submission and authorisation of Reallocation Requests.
- (b) Market Participants must use the Reallocation Request Service for the submission and authorisation of Reallocation Requests.

4.3 Submission

4.3.1 Submission by Market Participant

- (a) An authorised Market Participant may submit a Reallocation Request to initiate a Reallocation agreed with another Market Participant.
- (b) A Reallocation Identifier will be generated by the Trading System upon submission of a Reallocation Request.
- (c) Once a Reallocation Request is submitted, and prior to its authorisation, it can be cancelled but not modified by the Submitting Participant.

4.3.2 Validation on submission of Reallocation Request

Table 2: Submission Validations

Validation	Information Validated	Description of Validation
Content of the Reallocation Request	Reallocation Request	The Reallocation Request must contain all of the mandatory information as outlined in Table 1.
Authorised Participants	Debit Participant, Credit Participant	The Debit Participant and the Credit Participant must be authorised by the Operator to submit and authorise Registration Requests.
Gas Dates	Start Date, End Date	End Date must not be earlier than the Start

Validation	Information Validated	Description of Validation
		Date.
	End Date	The End Date of a Reallocation Request must not be later than three months from the submission date.
	Start Date	The submission time must be earlier than the Submission Cut-off Date in respect of the Start Date. Note: The Reallocation Request must be submitted prior to the preparation of the Final Statement for the relevant Billing Period.
Amount	Dollar Reallocation Amount	Dollar Reallocation Amount for each Gas Day of the Reallocation Request must be greater than or equal to zero.
	Energy Reallocation Amount	Energy Reallocation Quantity for each Gas Day of the Reallocation Request must be greater than or equal to zero.
Prudential Exposure	Debit Participant	The total estimated Prudential Exposure across all relevant Gas Days of the Reallocation Request, as determined in accordance with the Settlements and Prudential Methodology, must not cause the Debit Participant's Prudential Exposure (inclusive of Reallocation Requests) to exceed its Trading Limit.
Contract confirmation	Contractual Arrangement	The Reallocation Request must contain confirmation that a contractual arrangement exists between the Credit Participant and the Debit Participant.

4.3.3 Failed Validation on Submission

If a Reallocation Request fails one or more of the validations outlined in Table 2 then it will not be a valid submission.

4.3.4 Failed Validation Prior to Authorisation

- (a) The Prudential Exposure of a Debit Participant is reassessed prior to authorisation of a Reallocation Request as part of the regular prudential monitoring process set out in clause 9 of the Exchange Agreement.
- (b) If the Prudential Exposure of a Market Participant, including any Reallocation Requests for which it is the Debit Participant, exceeds its Trading Limit, then any Reallocation Requests that have not yet been authorised will be automatically cancelled in the Trading System.
- (c) The Debit Participant and the Credit Participant will receive a notice on cancellation of a Reallocation Request.

4.4 Authorisation

4.4.1 Authorisation of Reallocation Request

- (a) To authorise a Reallocation Request the Market Participant specified as the Counterparty must enter the following information using the Reallocation Request Service:
 - (i) Counterparty to the Reallocation
 - (ii) Start Date
 - (iii) End Date
 - (iv) Reallocation Type
 - (v) If the Reallocation Type is Energy then the Trading Location
 - (vi) Amount in \$ or GJ depending on the Reallocation Type
 - (vii) Contract confirmation,each as described in Table 1.

4.4.2 Validation of authorisation

- (a) If the information provided by the Counterparty in accordance with clause 4.4.1(a) is not the same as that provided by the Submitting Participant then the Reallocation Request will not be authorised.
- (b) If the total estimated Prudential Exposure across all relevant Gas Days of the Reallocation Request, as determined in accordance with the Settlements and Prudential Methodology, causes the Debit Participant's Prudential Exposure to exceed its Trading Limit, then the Reallocation Request will not be authorised.

4.5 Registration

If a Reallocation Request passes the authorisation validations then it will be registered in the Trading System.

4.6 Expiry

A Reallocation Request will expire if it is not authorised prior to the Submission Cut-off Date applicable to the Start Date of the Reallocation Request.

4.7 Deregistration

- (a) Once a Reallocation Request has been registered, it cannot be cancelled by the Market Participants that are parties to the Reallocation.
- (b) The parties may reverse or vary the effect of a Reallocation by submitting and authorising a further Reallocation Request in respect of the same Gas Days.
- (c) The Operator may exercise its discretion to deregister a Reallocation Request with effect from a future Gas Day if a Default Event occurs in relation to either of

the parties and has not been remedied at the time the Operator notifies its decision to deregister.

- (d) If the Operator decides to deregister a Reallocation Request, it must notify both parties to the relevant transaction prior to the Gas Day that deregistration takes effect.

5 Application of Reallocations in Settlement and Prudential Calculations

- (a) Settlement Amounts are determined with respect to each Gas Day within the term of a Reallocation in accordance with the Settlements and Prudential Methodology.
- (b) If a Reallocation covers multiple Billing Periods then the Reallocation Amount for each Gas Day is settled for the Billing Period in which that Gas Day falls.
- (c) Once a Reallocation Request has been registered an estimate of the Reallocation Amounts will be incorporated in the calculation of a Market Participant's Prudential Exposure in accordance with the Settlements and Prudential Methodology.