

CAPACITY TRANSFER AND AUCTION PROCEDURES

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DIVISION 1 – GENERAL

1. INTRODUCTION

1.1. Purpose and scope

These are the Capacity Transfer and Auction Procedures made under section 91BRP of the National Gas Law (**Law**) for the regulation of the *capacity auction* and *transaction support arrangements* (**Procedures**).

The National Gas Rules (**NGR**) and the National Gas Law prevail over these Procedures to the extent of any inconsistency.

1.2. Legal framework

These Procedures are made under section 91BRP of the Law and include matters contemplated by section 91BRQ of the Law, rule 135EA(5) of the NGR, Parts 24 and 25 of the NGR and Schedule 5 to the NGR. These Procedures may only be amended in accordance with Part 15B of the NGR.

These Procedures apply to AEMO and each person to whom they are expressed to apply.

1.3. Definitions and interpretation

1.3.1. Glossary

The words, phrases and abbreviations set out below have the meanings set out opposite them when used in these Procedures.

Terms defined in the Law or the NGR have the same meanings in these Procedures unless otherwise specified in this clause. Those terms are intended to be identified in these Procedures by italicising them, but failure to italicise a defined term does not affect its meaning.

[Note to Draft: Table below, and use of italics for terms defined in the NGR or NGL, to be finalised.]

Term	Definition
AEMO	Australian Energy Market Operator Limited (ACN 072 010 327).
AER	Australian Energy Regulator, which is established under section 44AE of the Competition and Consumer Act 2010 (Cth).
Agent Participant	A person who has been jointly appointed by two or more persons to act as their agent under and in connection with an <i>auction agreement</i> and the <i>capacity auction</i> and whose appointment has been accepted by AEMO in accordance with these Procedures.
Appointing Participant	In relation to an Agent Participant, each person from time to time appointing that Agent Participant.
Capacity Transfer and Auction Timetable	On each day up to and including the end of the gas day starting on 30 September 2019, the Capacity Transfer and Auction Timetable in Schedule 1 and, on and from the gas day starting on 1 October 2019, the Capacity Transfer and Auction Timetable in Schedule 2.
Combined Transfer	In relation to an STTM transfer, a DWGM transfer or a transfer of an Auction Product that has more than one <i>transportation service provider</i> , each transfer of a <i>transportation service</i> which is required to be made to effect that transfer.
CTP Interface	Has the meaning given in clause 6.1(a)(i).
CTP Interface Protocol	Has the meaning given in clause 6.1(a).

Term	Definition
day-ahead transfer completion notice	A notice given in accordance with clause 8.2(c)(ii).
day-ahead transfer notice	A notice given in accordance with clause 8.2(a).
DWGM transfer	Has the meaning given in clause 9.1(a)(i).
Exchange Agreement	The Exchange Agreement made by AEMO under Part 22 of the NGR governing participation in and the operation of the gas trading exchange established by AEMO under that Part.
forward transfer completion notice	A notice given in accordance with clause 8.3(c)(ii).
forward transfer notice	A notice given in accordance with clause 8.3(a).
Gas Trading Exchange	The gas trading exchange established under Part 22 of the NGR.
Good Gas Industry Practice	The practices, methods and acts that would reasonably be expected from experienced and competent persons engaged in a business of providing natural gas services in Australia, acting with all due skill, diligence, prudence and foresight and in compliance with all applicable legislation, authorisations and industry codes of practice.
GTE Transaction	A sale or purchase of <i>transportation capacity</i> concluded through the Gas Trading Exchange.
publish	By a person, means to make publicly available on the person's website and in the case of AEMO, includes to make publicly available on the <i>Bulletin Board</i>
service continuity period	Has the meaning given in clause 10.1.
STTM transfer	Has the meaning given in clause 9.2(a)(i).

1.3.2. Interpretation

The following principles of interpretation apply to these Procedures unless otherwise expressly indicated:

- (a) These Procedures are subject to the principles of interpretation set out in Schedule 2 of the Law.
- (b) References to time are references to Australian Eastern Standard Time.
- (c) References to rules or subrules are to the relevant provision in the NGR.
- (d) A reference to a change in capacity or quantity includes an increase or decrease.
- (e) Where these Procedures contain a summary of a rule in italics, the summary is for ease of reference only and does not form part of the Procedures.

1.4. Formulae, calculations and values

1.4.1. Gas days

In these Procedures, the following terms may be used to identify a gas day:

d refers to a *gas day*.

d-n (1, 2, 3, etc.) refers to the *gas day* that is n or a specified number (1, 2, 3 etc) of *gas days* before *gas day d*.

d+n (1, 2, 3 etc.) refers to the *gas day* that is n or a specified number (1, 2, 3 etc) *gas days* after *gas day d*.

D refers to the *gas day* in respect of which a matter is to be calculated or determined.

D-n (1, 2, 3, etc.) refers to events or calculations that occur on the *gas day* that is n or a specified number (1, 2, 3 etc) of *gas days* before *gas day* D and which pertain to *gas day* D.

D+n (1, 2, 3 etc.) refers to events or calculations that occur on the *gas day* that is n or a specified number (1, 2, 3 etc) *gas days* after *gas day* D and which pertain to *gas day* D.

n represents a number of *gas days*.

Note: It is not possible to describe differences between values determined for two distinct *gas days* using the term D since labels like D-1 and D+1 can only be used to refer to values that apply for *gas day* D. Only d can be used to describe differences between values determined for different *gas days*.

1.4.2. General

In these Procedures, the following mathematical notations used in formulae and equations have the meanings given in the table below.

Notation	Meaning
ϵ , as in $k \in SP$	This is an example of the usage of the term "element" (ϵ). This notation means that the expression it relates to is evaluated for every possible value of an index (in this case k) within a set (in this case SP).
\sum , as in \sum_k	This is an example of the usage of the term "sum" (\sum). This indicates that any expression following this term is to be evaluated for, and the results summed over, all values of an index (in this case k).
ABS()	The absolute value of the term within the brackets, eg. ABS(-5) = 5, ABS(5) = 5.
{ }, () and []	A pair of brackets indicates that all calculations between the brackets are to be performed separately from expressions outside the brackets. Different forms of brackets are used solely to make it easier to match the opening bracket of a pair of brackets with the closing bracket.
MAX()	The maximum (or highest) of two or more values within the brackets, eg. MAX(3,6) = 6, MAX(-4,-7,5) = 5.
MIN()	The minimum (or lowest) of two or more values within the brackets, eg. MIN(3,6) = 3, MIN(-4,-7,5) = -7.

1.4.3. Null Values

Where no value is required to be set under Part 24 or 25 of the Rules or these Procedures for a term in a settlement equation, the result of the equation is to be calculated without that term.

1.5. Related documents

[Note to Draft: Inclusion of related procedures, instructions or forms to be confirmed.]

Reference	Title	Location

2. REGISTRATION OF TRANSPORTATION SERVICE PROVIDERS

2.1. Registration and application forms

Registration obligations are in rules 617 and 618.

Rule 620(6) requires an application for registration made by a responsible transportation service provider for a transportation service provider group to contain the information about the transportation service provider group specified in the Procedures.

Rule 622 requires applications for registration to be in the form and contain the information specified by AEMO in the Procedures.

Rule 623 allows applications for registration to be made early by an intending transportation service provider or proposed Part 24 facility and requires AEMO to confirm registration details to the applicant.

Rule 624 allows a transportation service provider to apply to AEMO to revoke its registration.

2.1.1. Application forms and information to be included with the application

- (a) AEMO will publish and maintain forms to be used to:
 - (i) apply for registration of a *facility operator* or a *transportation facility* or as the *facility operator* for a registered *transportation facility*;
 - (ii) apply for revocation of registration;
 - (iii) register authorised users; and
 - (iv) notify changes to registration details including *transportation facilities* and authorised users.
- (b) The forms referred to in paragraph (a) will specify the information to be provided with the form, including:
 - (i) information about the *facility operator*;
 - (ii) information about a *facility operator* group required to be provided for the purposes of rule 620(6) and to evidence the appointment of the applicant as the responsible *facility operator*;
 - (iii) where the application relates to a *transportation facility*, information:
 - (A) about the facility, and to determine the boundaries of the facility; and
 - (B) to evidence the basis on which the applicant has the right to register as the *facility operator* for the *transportation facility*;
 - (iv) the responsible person who will be the principal organisational contact for matters relating to these Procedures; and
 - (v) authority to sign the form as an authorised signatory of the applicant.

[Note to Draft: Application forms will, to the extent practicable, be aligned with other AEMO registration processes.]

2.1.2. Application process

- (a) For the purposes of rule 622, an application for registration must:
 - (i) be in the form published by AEMO;
 - (ii) contain the information specified in the form; and
 - (iii) be signed by an authorised signatory of the applicant organisation.
- (b) For the purposes of rule 624, an application for revocation of registration must:
 - (i) be in the form published by AEMO;

- (ii) contain the information specified in the form; and
 - (iii) be signed by an authorised signatory of the applicant organisation.
- (c) AEMO must publish and maintain a list of applications for registration identifying the relevant *facility operator* or *transportation facility*.
- (d) AEMO may register a pipeline the subject of multiple pipeline licences as a single *transportation facility* and may require separate applications to be consolidated for this purpose.¹
- (e) AEMO may on the application of one or more *transportation service providers* for a *transportation facility*, register a part (or parts) of the *transportation facility* as separate transportation facilities, where permitted by the Rules.²
- (f) AEMO will notify the applicant when an application has been accepted. The registration or revocation of registration (as applicable) takes effect from that time or, where an application for registration is made by an intending *facility operator* or in respect of a proposed *Part 24 facility* pursuant to rule 623, any later time requested by the applicant for registration and agreed by AEMO.

2.1.3. Changes to registration details

A registered entity must notify any change to its registration details or the registration details of its *transportation facility* as soon as practicable after the change occurs, using the form published by AEMO for that purpose, signed by an authorised signatory of the applicant organisation.

2.2. Authorised users and nominated representatives

2.2.1. Authorised users

- (a) A *facility operator* must nominate a principal organisational contact for all matters under these Procedures (other than those for which a specific representative is responsible under this clause 2.2) and to receive notices issued by AEMO.
- (b) A *facility operator* must register its principal organisational contact, and any other person authorised to submit information on its behalf using the CTP Interface, as its authorised users.
- (c) Authorised users must be registered using the applicable registration form. Each form must be signed by an authorised signatory of the *facility operator* and where required by the form, the authorised user.
- (d) A registered entity must notify changes to its authorised users as soon as practicable after the change occurs, using the form published by AEMO for that purpose, signed by an authorised signatory of the applicant organisation.

2.2.2. Terms of use

A *facility operator* must ensure that its authorised users comply with the terms of use for the CTP Interface in Appendix B.

2.2.3. Other representatives

- (a) A *facility operator* may nominate up to three systems representatives. The role of the systems representatives is to communicate with AEMO on behalf of the *facility operator* about establishing and maintaining secure access to the CTP Interface in accordance with these Procedures.

¹ This assumes the final Rules will support this arrangement.

² As above, this assumes the final Rules will support this arrangement.

- (b) A *facility operator* may nominate up to three settlement representatives. The role of settlement representatives is to communicate with AEMO on behalf of the *facility operator* about matters relating to settlement under these Procedures and Part 25 of the NGR.
- (c) If no nomination is made under paragraph (a) or (b), the principal organisational contact will be taken to have been nominated in the role.

2.2.4. RCTI Agreement

A *facility operator* must execute and deliver to AEMO a recipient created tax invoice agreement in the form specified by AEMO from time to time.

2.3. Facility operator and transportation facility register

Rule 617 requires AEMO to establish, maintain and publish in accordance with Part 24 and these Procedures a register of transportation service providers registered under Part 24 and transportation facilities registered under Part 24.

- (a) AEMO must publish the register required by rule 617. The register:
 - (i) must contain the information required to be included by rule 617; and
 - (ii) may include any other information that AEMO considers it is convenient to include in the register in connection with the matters in these Procedures or to allow for information in the register to be referenced to other registers maintained by AEMO or the information published on the *Bulletin Board*.
- (b) AEMO must update the register established under rule 617 as soon as practicable after receiving notice of any changes to the information in the register.

3. SERVICE POINTS, PIPELINE SEGMENTS AND ZONES

3.1. Service point specifications

3.1.1. Proposal and approval

Rules 626(1) and (2) require the transportation service provider for a Part 24 facility to provide a specification of each service point at or between which transportation services are provided by means of a Part 24 facility.

Rule 626(3) allows the transportation service provider to change those specifications in accordance with these Procedures.

- (a) The specification of a *service point* must take the form of an accurate description of the *service point* consistent with the description of the *service point* in *primary facility agreements* so as to enable the ready identification of the *service point* and the *transportation facility* to which it relates by AEMO and *transportation facility users*. If the *service point* is described in different ways in different *primary facility agreements*, the specification must include a principal description and the other descriptions to the extent necessary to facilitate the ready identification of the *service point*. The specification must also:
 - (i) include the *Bulletin Board* identification of the *service point*, where applicable to the *service point*;
 - (ii) specify the applicable *service point* type, using the *service point* types in clause 4(c);
 - (iii) where the *service point* is a notional point (that is, a point comprising more than one physical point), the name and description of each physical point making up the notional point;

- (iv) unless the information is already provided under Part 18, include the *nameplate rating* for the *service point* (which in the case of an in-pipe trade point, will be the *nameplate rating* for the *pipeline segment* in which the point is located); and
 - (v) be consistent with the other descriptions of the *service point* used for the NGR or the Gas Trading Exchange.
- (b) A *facility operator* for a *Part 24 facility* must give AEMO a proposed specification for each *service point* on the *Part 24 facility* within 10 *business days* of the application for registration of the *Part 24 facility* under these Procedures.
 - (c) A *facility operator* for a *Part 24 facility* that is already registered must give AEMO a proposed specification for a new or modified *service point* on the *Part 24 facility* at least 10 *business days* before the new *service point* is commissioned or the modification takes effect.
 - (d) For the purposes of rules 626(1) and 626(3), the proposed specification of a *service point* and any modification must comply with paragraph (a) and must be:
 - (i) given to AEMO in writing using the form, if any, published by AEMO for this purpose;
 - (ii) where the proposal is for a new or modified *service point*, specify the time from which it takes effect; and
 - (iii) signed by an authorised signatory of the *facility operator*.
 - (e) If AEMO considers acting reasonably that a proposed specification of a *service point* or any modification does not comply with paragraph (a) or is not in a form suitable for publication in the *transportation service point register*, AEMO may notify the *facility operator* of the deficiencies and request the *facility operator* to review and update the proposal. The *facility operator* must comply with the request within 10 *business days*.
 - (f) If the *facility operator* for a *service point* becomes aware that any information in a *service point* specification ceases to satisfy the requirements of paragraph (a), the *facility operator* must submit a proposal to amend the specification so that it does so as soon as practicable and in any event no later than 5 *business days* after it becomes aware.
 - (g) AEMO may from time to time by notice to a *facility operator* request the *facility operator* review the specification of a *service point* recorded in the *service point transportation register*, if AEMO considers acting reasonably that the specification no longer satisfies the requirements of paragraph (a) (for example, based on information provided by *transportation facility users* to AEMO). A *facility operator* in receipt of a request under this paragraph must within 10 *business days* of the notice either:
 - (i) submit a proposal to amend the specification so that it does satisfy the applicable requirements; or
 - (ii) provide information satisfactory to AEMO about why no change is needed.

3.2. Determination of zones, pipeline segments and backhaul

Rule 627 requires AEMO to assess, consult on and determine proposed pipeline segments and composition of zones.

3.2.1. Proposals

Any person may propose a change to a *zone*, *pipeline segment* or *backhaul auction service* by submitting a proposal in writing to AEMO at any time.

3.2.2. Provision of information of analysis by facility operators

- (a) AEMO may by notice to a *facility operator* request the *facility operator*, in relation to its *Part 24 facility*, to:

- (i) provide to AEMO information about the *Part 24 facility* and *service points* on the facility reasonably required by AEMO for analysis and assessment of a proposed *pipeline segment* (including whether the *pipeline segment* is single direction or bi-directional) or *zone* or the feasibility of including a *backhaul auction service* provided by means of the *Part 24 facility* in the *capacity auction*; or
 - (ii) undertake modelling or other analysis and provide an assessment of a proposed *pipeline segment* or *zone* relating to the *facility operator's Part 24 facility*.
- (b) A request under paragraph (a) must specify in reasonable detail the nature of the information or analysis sought by AEMO and must include the proposed *pipeline segment*, *zone* composition or *backhaul auction service* (as applicable).
- (c) A request under paragraph (a) may be made in relation to a proposal to change a *pipeline segment* or the composition of a *zone* and may be made more than once in relation to a particular proposal.
- (d) A *facility operator* in receipt of a request under paragraph (a) for its *Part 24 facility* must comply with the request as soon as reasonably practicable and in any event either within the period specified in the notice, which must not be shorter than 10 *business days*, or within any longer period requested by the *facility operator* within the period in the notice and approved by AEMO, acting reasonably.
- (e) Where the *facility operator* has undertaken analysis at AEMO's request, it must provide to AEMO:
- (i) the results of the analysis; and
 - (ii) information reasonably required by AEMO to analyse any model or other methodology used and the results, including assumptions, inputs and pipeline configuration.
- (f) If any of the information provided in response to a request under paragraph (a) is confidential information of a *transportation facility user*, the *facility operator* must provide the information to AEMO in such a way as to enable AEMO to readily identify which information is confidential information.
- (g) AEMO may include in information published by AEMO in connection with consultation under clause 3.2.3 or 3.2.4 the results of analysis undertaken by AEMO using information provided under this clause by the *facility operator*, but must do so in a manner that preserves the confidentiality of confidential information.

3.2.3. Consultation on proposed zones, pipeline segments and backhaul auction services

- (a) Unless the expedited process in clause 3.2.4 applies, AEMO must follow the process set out below in this clause 3.2.3 before determining a *pipeline segment*, the composition of a *zone* or to include a *backhaul auction service* in the *capacity auction*, or a change to an existing *pipeline segment* or *zone* or proposal to withdraw a *backhaul auction service* from the *capacity auction*.
- (b) AEMO must publish a notice of a proposed determination or change referred to in paragraph (a). The notice must invite the relevant *facility operator* and other interested persons to submit written comments on the proposal to AEMO on or before a date specified in the notice (which must be at least 20 *business days* after the date of the notice).
- (c) If AEMO considers it appropriate having regard to issues raised in submissions, it may undertake further consultation on specified issues or alternative proposals, and the notice and minimum time period in clause 3.2.3(b) apply to that further consultation.
- (d) AEMO must publish its decision on the proposal within 15 *business days* after the closing date for submissions under clause 3.2.3(b) or clause 3.2.3(c) as applicable. The decision must:
 - (i) summarise any comments received on the proposal;

- (ii) set out the proposed determination or change;
 - (iii) if the proposed determination or change is materially different from the original proposal, describe how and why the proposal has been revised; and
 - (iv) specify the day on which the determination is to take effect.
- (e) At least 5 *business days* before the day on which any determination or change is to take effect, or an earlier date fixed by these Procedures in any particular case, AEMO must:
- (i) give notice to the *facility operator* of the determination or change; and
 - (ii) enter the determination or change in the *transportation service point register*.
- (f) In making a determination under this provision, AEMO must take into account all relevant and material comments that it receives by the closing date for comments and may take into account any comments it receives after that date.
- (g) AEMO may, by publishing and giving a notice to the relevant *facility operator*, extend a time limit specified in this clause 3.2.3 if AEMO considers that:
- (i) the relevant proposal raises questions of such complexity or difficulty that an extension of the time limit is justified; or
 - (ii) a material change of circumstances occurs justifying the extension of the time limit, and the notice must state the reasons for the extension.

3.2.4. Expedited process

- (a) The expedited process set out in this clause 3.2.4 applies to a proposed determination or change referred to in clause 3.2.3(a), if AEMO considers that the proposal:
- (i) is not likely to have an adverse impact on *transportation facility users*;
 - (ii) is of a minor or administrative nature; or
 - (iii) is for a *zone* comprising a single *service point* and no other *service point* could feasibly be included in the *zone*.
- (b) AEMO must:
- (i) publish a notice of its proposal; and
 - (ii) if the proposed allocation or change was not initiated by an affected *facility operator*, send a copy of the notice to the *facility operator*.
- (c) The notice to be published under paragraph (b) must:
- (i) state that AEMO considers the expedited process is applicable to the proposed allocation or change;
 - (ii) invite the relevant *facility operator* and other interested persons to submit written comments on the proposal to AEMO on or before the date specified in the notice (which must be at least 5 *business days* after the date of the notice); and
 - (iii) specify a date (the **proposed effective date**) for the proposed allocation or change to take effect.
- (d) After the closing date for submissions, AEMO must, by publishing a notice, do one of the following:
- (i) confirm the proposal and either confirm the proposed effective date or specify a later effective date;
 - (ii) amend the proposal and either confirm the proposed effective date or specify a later effective date; or
 - (iii) defer a decision on the proposal and provide for further consultation before the final decision on the proposal is made.

- (e) AEMO must give as much notice of the expedited proposal as is reasonably practicable before it takes effect, by:
 - (i) giving notice to the *facility operator*; and
 - (ii) entering the allocation or change in allocation in the *transportation service point register*.

3.3. Information about the transfer of capacity within zones

*Rule 629(2) requires transportation service providers for a Part 24 facility to provide to AEMO and AEMO to publish in accordance with these Procedures information for each zone about the transfer of capacity between service points in a zone including any curtailment of capacity upon transfer.*³

3.3.1. Information from facility operators about transfers within a zone

- (a) A *facility operator* must provide to AEMO, for each *zone* on its *Part 24 facility* that comprise more than one *service point*, the Zone Transfer Information for each *gas day* in the Zone Reporting Period.
- (b) The Zone Transfer Information must be provided to AEMO no later than 5 *business days* after the end of the Zone Reporting Period to which it relates.
- (c) The **Zone Reporting Period** comprises the period of 7 consecutive *gas days* starting each Sunday.
- (d) The **Zone Transfer Information** means, for each *zone* on a *Part 24 facility*, each *gas day* in the Zone Reporting Period, each *service point* in the *zone* and each *transportation service* provided at that *service point*:
 - (i) the aggregate final *nominations* of buyers for use of *transportation capacity* transferred from *transportation facility users* to give effect to an *operational transfer* relating to that *zone* (the **nominated capacity**); and
 - (ii) the aggregate final *scheduled quantity* for buyers for use of the nominated capacity.
- (e) The Zone Transfer Information must be submitted through the CTP Interface using the specified file format.

3.3.2. Publication by AEMO

For the purposes of rule 629(2), AEMO must publish information for each *zone* comprising more than one *service point* about the transfer of capacity between *service points* in the *zone*, including any curtailment of capacity upon transfer, in the form and at the times determined by AEMO, based on the information provided by *facility operators* under clause 3.3.1.

4. TRANSPORTATION SERVICE POINT REGISTER

Rule 629(1) requires AEMO to maintain a register of service points, pipeline segments and zones.

- (a) The *transportation service point register* maintained under rule 629(1) will contain the following parts and information:
 - (i) Part 1 – Zone Register, listing each *zone* and containing the following information in relation to each *zone*:
 - (A) *zone* name;
 - (B) description of *zone*; and

³ The drafting in this clause 3.3 assumes that rule 629(2) will be amended to reflect the information requirements in this clause. This change has been raised with the GMRG.

- (C) type of *zone* (as described in paragraph (b));
- (ii) Part 2 – Forward Haul Pipeline Segment Register, containing the following information in relation to each forward haul *pipeline segment*:
- (A) forward haul *pipeline segment* name; and
- (B) each pipeline receipt *zone* and each pipeline delivery *zone* that define the *pipeline segment*;
- (iii) Part 3 – Backhaul Pipeline Segment Register, containing the following information in relation to each backhaul *pipeline segment*:
- (A) backhaul *pipeline segment* name;
- (B) each *backhaul receipt point* and each *backhaul delivery point* that define the *backhaul pipeline segment*; and
- (C) information about any connecting backhaul *service points*;
- (iv) Part 4 – Service Point Register, listing each *service point* (with a separate entry for each type) and containing the following information in relation to each *service point*:
- (A) name of *service point*;
- (B) description of *service point*;
- (C) the *service point* type;
- (D) *zone* in which *service point* is located; and
- (E) whether the *service point* is a notional point and, if so, the name and description of each physical point making up the notional point.
- (v) Part 5 – Park Service Register, listing for each *park service*, the *service point* at which *transportation capacity* is required to use the service.
- (b) The *zone* types are:
- (i) pipeline receipt *zone*;
- (ii) pipeline delivery *zone*;
- (iii) compression receipt *zone*; and
- (iv) compression delivery *zone*.

(c) The *service point* types are set out in the following table.

NGR category	Type	Subtype 2	Also known as
<i>pipeline service point</i> (including notional points)	forward haul receipt point	N/A	N/A
	forward haul delivery point	N/A	N/A
<i>pipeline service point</i> (including notional points)	<i>backhaul receipt point</i>	<i>backhaul receipt point</i> that is also used as a forward haul delivery point	forward haul delivery point that is also used as a <i>backhaul receipt point</i>
	<i>backhaul receipt point</i>	<i>backhaul receipt point</i> that is also used as a forward haul receipt point	forward haul receipt point that is also used as a <i>backhaul receipt point</i>

NGR category	Type	Subtype 2	Also known as
	<i>backhaul delivery point</i>	<i>backhaul delivery point</i> that is also used as a forward haul delivery point	forward haul delivery point that is also used as a <i>backhaul delivery point</i>
	<i>backhaul delivery point</i>	<i>backhaul delivery point</i> that is also used as a forward haul receipt point	forward haul receipt point that is also used as a <i>backhaul delivery point</i>
<i>compression service point</i> (including notional points)	<i>compression receipt point</i>	N/A	N/A
	<i>compression delivery point</i>	N/A	N/A

- (d) For the purposes of the table in paragraph (c), a *service point* is used as a forward haul or *backhaul receipt point* or a forward haul or *backhaul delivery point* if any forward haul or backhaul services (as applicable) are provided by means of that point, whether or not firm or a *standard operational transportation service*.
- (e) AEMO must update the *transportation service point register* as soon as practicable after receiving notice of any change to the information in the register.

5. INFORMATION ABOUT FACILITY AGREEMENTS

Rule 625 requires the transportation service provider for a Part 24 facility to provide to AEMO and maintain in accordance with the Procedures, information about facility agreements to allow the accurate identification of those agreements for the purposes of giving effect to a sale or purchase of transportation capacity concluded through the Gas Trading Exchange or the capacity auction.

- (a) In this clause:
- (i) **contract information** means, for a *facility agreement*:
 - (A) each *transportation facility user* who is a party to the *facility agreement*, using the participant ID in the register;
 - (B) each *Part 24 facility* to which the *facility agreement* relates;
 - (C) the *facility operator's* contract reference ID for the *facility agreement*; and
 - (D) if the *facility agreement* allows delivery to a *hub* (as defined in Part 20 of the NGR), the identifier of the *registered facility service*;

[Note to Draft: Input to be sought on whether this list is complete]
 - (ii) **register** means AEMO's register of gas registrations, including members of the Gas Trading Exchange and *auction participants*;
 - (iii) **relevant facility agreement** means a *facility agreement* for a *Part 24 facility* with a *transportation facility user* who is a member of the Gas Trading Exchange or an *auction participant*; and
 - (iv) **standard facility service** means, for a *Part 24 facility*, each *transportation service* available under the *standard operational agreement* applicable to the *transportation facility*.
- (b) A *facility operator* must provide to AEMO the contract information for each *relevant facility agreement* for its *Part 24 facility*.
- (c) Information provided under this clause 5 must be provided through the CTP Interface using the specified file format.

- (d) If any of contract information changes (including where there is a new member or participant registration, a new contract is entered into or a new standard facility service is added to the agreement), the *facility operator* must provide updated contract information to AEMO as soon as practicable after it becomes aware of the change and no later than 2 *business days* after the change takes effect.
- (e) A *facility operator* may notify a change to contract information to AEMO before the change takes effect, specifying the effective date of the change.

6. CTP COMMUNICATIONS

6.1. CTP Interface Protocol

- (a) AEMO must establish a document setting out AEMO's procedures and minimum requirements, to be known as the **CTP Interface Protocol**, for:
 - (i) establishing and maintaining an interface (**CTP Interface**) between the systems of the *facility operators* and AEMO (in its capacity as Operator under Part 22) for the purposes of exchanging information under these Procedures;
 - (ii) establishing authorised user identities within the CTP Interface; and
 - (iii) providing processes and guides for the use of the CTP Interface and communications.
- (b) AEMO may amend the CTP Interface Protocol after consulting with *facility operators* and must publish the current CTP Interface Protocol on its website.
- (c) A *facility operator* must comply with the CTP Interface Protocol and must enter into any access and licensing agreement reasonably required by AEMO under the CTP Interface Protocol governing the terms of access to and use of the CTP Interface.
- (d) A *facility operator* is responsible for ensuring that anyone accessing or using that *facility operator's* CTP Interface:
 - (i) is authorised by the *facility operator* to do so; and
 - (ii) is aware of and complies with the CTP Interface Protocol, the terms of any access and licensing agreement entered into under the CTP Interface Protocol and the provisions of these Procedures that relate to interface access and use.
- (e) A *facility operator* is responsible for ensuring that the systems and equipment used by it interface correctly with the CTP Interface. AEMO has no liability whatsoever to any *facility operator* in connection with any failure of any system or equipment used by the *facility operator* to interface correctly with the CTP Interface.

6.2. Use of CTP Interface

- (a) Subject to paragraph (b), AEMO and *facility operators* must exchange information and provide notices as required by these Procedures using the CTP Interface and in the specified file format, unless another method is specified.
- (b) If the CTP Interface is not available for the exchange of information within the time required by these Procedures, information must be exchanged using any alternative arrangements established by AEMO for this purpose.

6.3. CTP Records

- (a) The CTP Interface will create a record of information exchanged between AEMO and *facility operators* using the CTP Interface (**CTP Records**).
- (b) AEMO must maintain CTP Records for a period of seven years after the record is created.

- (c) A *facility operator* may (at its cost) request copies of CTP Records that record information exchanged between AEMO and the *facility operator* or in relation to the *facility operator's transportation facility*. AEMO will use reasonable endeavours to provide the information requested if the information is available, subject to:
 - (i) payment of AEMO's reasonable cost of retrieving and providing copies of the information; and
 - (ii) agreement on any other terms reasonably requested by AEMO, including as to confidentiality of the information.

DIVISION 2 – GAS TRADING EXCHANGE (CAPACITY TRADING PLATFORM)

7. APPLICATION OF CAPACITY TRANSFER AND AUCTION TIMETABLE

- (a) AEMO and each *facility operator* must give information and notices and do any other thing provided for in this Division at, before or after the relevant time (if any) specified by the Capacity Transfer and Auction Timetable, or where the time is extended by the occurrence of a delay event specified in the Capacity Transfer and Auction Timetable, that extended time.
- (b) AEMO must as soon as practicable notify and provide a revised timetable to Gas Trading Exchange members (using the interface established under the Exchange Agreement) and *facility operators* (using the CTP Interface) whenever a delayed time specified in the Capacity Transfer and Auction Timetable is to apply to the provision of any information or notice or doing of any thing under this Division.
- (c) If information or a notice is not given, or other thing not done at, before or after the time specified in the Capacity Transfer and Auction Timetable (as may have been extended), a provision in the Capacity Transfer and Auction Timetable that specifies the consequences of the failure has effect, and AEMO and the relevant *facility operator* must comply with the provision, as if the provision were set out in this Division.

8. GAS TRADING EXCHANGE CAPACITY TRANSACTIONS

8.1. Calculation of transfer quantities

Rule 638 requires a transportation service provider to give effect to a sale or purchase of transportation capacity concluded through the Gas Trading Exchange and notified by AEMO.

- (a) On each *gas day d*, AEMO must calculate for each *facility operator*:
 - (i) the quantities of *transportation capacity* that the *facility operator* must transfer on that *gas day* for each of the following 14 *gas days* (**daily transfer quantities**); and
 - (ii) where a *transportation facility* of the *facility operator* has an *STTM interface point* or a *DWGM interface point*, the quantities subject to the arrangements in Division 3.
- (b) In determining the daily transfer quantities, AEMO will take into account:
 - (i) for the first 13 *gas days* after *gas day d*, all GTE Transactions which have not already been taken into account in an earlier notifications (typically comprising only those concluded since the notification on the previous *gas day*); and
 - (ii) for the 14th *gas day*, all GTE Transactions concluded on or before *gas day d* with a *service term* that includes that 14th *gas day*. **[Note to Draft: The intention is that GTE Transactions after the 14th gas day are not included, even if the tenor of the trade extends beyond the 14 days]**

8.2. Day-ahead Transfers

- (a) Each *gas day d*, AEMO must give a **day-ahead transfer notice** to each *facility operator* specifying the day-ahead transfer quantities for that *facility operator* for the following *gas day*.
- (b) A day-ahead transfer notice must contain the information required to identify the transfer required to be made including the *gas day*, quantity, service, *transportation facility user*, contract reference and type of transfer (increase or decrease).
- (c) A *facility operator* in receipt of a day-ahead transfer notice (other than a notice in which all values are nil) must validate the information in the notice as provided for in clause 8.4 and when validation is complete must:

- (i) give effect to each transfer in the day-ahead transfer notice unless and to the extent that:
 - (A) the transfer has failed validation; or
 - (B) AEMO has notified the *facility operator* that a Combined Transfer has failed validation and the transfer should not proceed;
- (ii) send AEMO a **day-ahead transfer completion notice** specifying:
 - (A) each transfer that has been validated and the quantity transferred; and
 - (B) where a transfer has failed validation or has been validated only in part, the reason for the validation failure.
- (d) Where a day-ahead transfer has failed validation and is a Combined Transfer for a *transportation service* provided by a different *facility operator*, AEMO must give a notice to the other *facility operator* that the Combined Transfer has failed validation and the quantity of the Combined Transfer that must not be made due to the failure.

8.3. Forward transfer notice

- (a) Each *gas day* d, AEMO must give a **forward transfer notice** to each *facility operator* specifying the transfer quantities for that *facility operator* for each of the following 14 *gas days* (other than the *gas day* covered by that day's day-ahead transfer notice)..
- (b) A forward transfer notice must contain the information required to identify the transfer required to be made including the *gas day*, quantity, service, *transportation facility user*, contract reference and type of transfer (increase or decrease).
- (c) A *facility operator* in receipt of a forward transfer notice (other than a notice in which all values are nil) must validate the information in the notice as provided for in clause 8.4 and when validation is complete must:
 - (i) give effect to each transfer in the forward transfer notice unless and to the extent that:
 - (A) the transfer has failed validation by that *facility operator*; or
 - (B) AEMO has notified the *facility operator* that a Combined Transfer has failed validation and the transfer should not proceed;
 - (ii) send AEMO a **forward transfer completion notice** specifying:
 - (A) each transfer that has been validated and the quantity transferred; and
 - (B) where a transfer has failed validation or has been validated only in part, the reason for the validation failure.
- (d) Where a forward transfer has failed validation and is a Combined Transfer for a *transportation service* provided by a different *facility operator*, AEMO must give a notice to the other *facility operator* that the Combined Transfer has failed validation and the quantity of the Combined Transfer that must not be made due to the failure.

8.4. Validation by facility operators

[Note to Draft: This clause 8.4 is under further consideration by AEMO. In particular, the position with respect to the buyer where a validation failure is due to the buyer's fault is to be confirmed.]

Rule 638(2) provides that a transportation service provider's obligation to give effect to an operational transfer is subject to any applicable validation arrangements in these Procedures.

- (a) For the purpose of this clause:
 - (i) a **capacity shortfall** occurs in relation to a transfer that is a sale (decrease) of *transportation capacity* for a *gas day* if the *transportation facility user* does not

- have at least the quantity of *transportation capacity* specified in the day-ahead transfer notice or forward transfer notice available to transfer for that *gas day*;
- (ii) an **invalid contract reference** occurs in relation to a transfer if the contract reference in the day-ahead transfer notice or forward transfer notice is invalid including where it is for a contract with a different *transportation facility user* or relates to a contract that does not extend to the *transportation service* or *service points* the subject of the transfer;
 - (iii) a **validation failure** occurs in relation to a transfer in a day-ahead transfer notice or forward transfer notice if the *facility operator* identifies a capacity shortfall or invalid contract reference in relation to the transfer; and
 - (iv) **remedy period** means, in relation to a transfer for which a validation failure has been identified, the earlier of the time the *facility operator* is required to give the day-ahead transfer completion notice or forward transfer completion notice to AEMO and:
 - (A) if the transfer is the subject of a day-ahead transfer notice, the expiry of 30 minutes after AEMO has notified the *transportation facility user* and *facility operator* of the validation failure; or
 - (B) if the transfer is the subject of a forward transfer notice, the expiry of 60 minutes after AEMO has notified the *transportation facility user* and *facility operator* of the validation failure.
- (b) For each transfer in a day-ahead transfer notice or forward transfer notice the *facility operator* must check whether there is a validation failure.
 - (c) If the *facility operator* identifies a validation failure in relation to a transfer, the *facility operator* must tell AEMO, identifying the transfer and the reason for the validation failure.
 - (d) AEMO must use reasonable endeavours to tell the relevant *transportation facility user* and *facility operator* about a validation failure as soon as practicable, but is not in breach of these Procedures if it fails to do so.
 - (e) If and to the extent the *transportation facility user* remedies the validation failure to the reasonable satisfaction of the *facility operator* before the expiry of the remedy period, the *facility operator* must transfer the capacity and include it in the quantities confirmed to AEMO.
 - (f) If and to the extent the *validation failure* is still subsisting at the expiry of the remedy period, the *facility operator* is not required to transfer the capacity and, to the extent that the capacity is not transferred, the *facility operator* must reduce any increase of capacity in connection with the operational transfer on a pro rata basis.

9. TRANSFERS AT STTM AND DWGM INTERFACE POINTS

9.1. DWGM interface points

Rule 630(2) requires these Procedures to provide the arrangements under which a sale of transportation capacity through the capacity auction or the Gas Trading Exchange at a DWGM interface point will be, or will be taken to have been, notified to AEMO and where necessary, confirmed, approved or accepted by AEMO or any other person, for the purposes of Part 19.

- (a) In this clause:
 - (i) a **DWGM transfer** means a transfer of capacity notified by AEMO and confirmed by a *facility operator* under clause 8, where the transfer results in an increase or decrease to the capacity of a *transportation facility user* at a *DWGM interface point*; and
 - (ii) a **DWGM facility user** means, in relation to a DWGM transfer, the *transportation facility user* to whom, or from whom, the DWGM transfer was made.

- (b) For each DWGM transfer and each DWGM facility user for the transfer:
- (i) if the DWGM facility user has an *accredited controllable quantity*, the DWGM facility user will be taken to have issued a further application under rule 210 for *accreditation* (corresponding to the increase or decrease confirmed for the DWGM transfer); and
 - (ii) AEMO must as soon as practicable after the transfer of *transportation capacity* has been confirmed in accordance with clause 8:
 - (A) process that application in accordance with rule 210 and the *accreditation procedures*, provided that if the change would cause the DWGM facility user's maximum hourly quantity to fall below zero on any *gas day* then the maximum hourly quantity of the DWGM facility user will be reduced to zero; and
 - (B) if the maximum hourly quantity of the DWGM facility user is not zero, reduce the maximum hourly quantity of the DWGM facility user from whom the transfer is made and increase the maximum hourly quantity of the DWGM facility user to whom the transfer is made in accordance with the *accreditation procedures* by the amount, and for the period, of the *transportation capacity* sold or purchased.

9.2. STTM interface points

Rule 630(3) requires these Procedures to provide for the arrangements under which a sale through the Gas Trading Exchange of transportation capacity at an STTM interface point will be notified, or will be taken to have been notified, to AEMO and where necessary, confirmed, approved or accepted by AEMO or any other person for the purposes of Part 20.

- (a) In this clause:
- (i) a **STTM transfer** means a transfer of capacity notified by AEMO and confirmed by a *facility operator* under clause 8, where the transfer is for an increase or decrease to the capacity of a *transportation facility user* at an *STTM interface point*; and
 - (ii) a **STTM facility user** means, in relation to an STTM transfer, the *transportation facility user* to whom, or from whom, the STTM transfer was made.
- (b) For each STTM transfer and each STTM facility user for the transfer:
- (i) for the purposes of Part 20 of the NGR:
 - (A) the relevant *contract holder* will be taken to have notified AEMO of a change (corresponding to the increase or decrease confirmed for the STTM transfer) to the *capacity limit* of the STTM facility user's relevant *registered facility service* in accordance with rule 390(2);
 - (B) AEMO will be taken to have requested confirmation of the change from the *contract issuer* in respect of the relevant *facility contract* in accordance with rule 391(1);
 - (C) the relevant *contract issuer* will be taken to have confirmed the details of the change in accordance with rule 391(2); and
 - (D) AEMO will be taken to have requested the relevant *contract holder* to provide, and the relevant *contract holder* will be taken to have provided to AEMO, details of the change to be made to that *contract holder's registered trading right* in accordance with rule 391(3); and
 - (ii) if AEMO is satisfied as to the matters in rule 392(1), register the details of the change (corresponding to the increase or decrease confirmed for the STTM transfer) in accordance with rule 392.

10. PRIMARY FACILITY AGREEMENT TERMINATION

Rule 639(1) requires a transportation service provider to continue to provide transportation services the subject of an operational transfer during the service continuity period.

10.1. Definitions

In this clause:

- (a) **capacity type** means each combination of:
 - (i) a *transportation service*; and
 - (ii) a *zone* (for forward haul service or compression service) or a *transportation facility* and park service point (for *park service*);
- (b) **primary contract termination notice** means a notice under clause 10.2(a);
- (c) **relevant facility agreement** has the meaning given in clause 5;
- (d) **relevant primary transaction** mean a GTE Transaction:
 - (i) to which the terminated primary shipper is a party as a seller of capacity;
 - (ii) with a *service term* that includes a *gas day* in the service continuity period; and
 - (iii) where the transfer to give effect to the transaction resulted in a reduction (sale) of capacity under the terminated contract;
- (e) **service continuity period** means, for a terminated contract, the period from and including *gas day* d+1 to and including *gas day* d+14, where d is the *gas day* on which the primary contract termination notice for the terminated contract is given;
- (f) **terminated contract** means the contract the subject of a primary contract termination notice;
- (g) **terminated primary shipper** means the party to the terminated contract other than the *facility operator*;
- (h) **terminated quantity** means, for a relevant primary transaction, the net quantity of capacity under the terminated contract transferred from the terminated primary shipper to give effect to the relevant primary transaction (in GJ/*gas day*); and
- (i) **transaction price** means, for a relevant primary transaction, the Transaction Price (as defined in the Exchange Agreement) payable to the terminated primary shipper under that transaction (in \$/GJ/*gas day*).

10.2. Primary contract termination notice

- (a) A *facility operator* must notify AEMO as soon as practicable of the termination of a *primary facility agreement* for a *Part 24 facility* of the *facility operator* and which is also a relevant facility agreement.
- (b) A notice given under paragraph (a) (a **primary contract termination notice**) must:
 - (i) identify the terminated contract using the contract reference information provided to AEMO under clause 5; and
 - (ii) specify the date the termination takes effect.
- (c) AEMO must confirm to the *facility operator* receipt of a primary contract termination notice.
- (d) If AEMO receives a primary contract termination notice, AEMO must as soon as practicable determine and notify to the *facility operator*:
 - (i) the service continuity period,
 - (ii) for each relevant primary transaction (if any), the transaction price and the terminated quantity.

10.3. Service continuity payments

Rule 639(3) provides that a transportation service provider who continues to provide transportation services the subject of an operational transfer during the service continuity period is entitled to payment for use of that capacity.

- (a) If the date the termination of a terminated contract takes effect is after the end of the service continuity period, or there are no relevant primary transactions, AEMO is not required to make a payment to the *facility operator* under this clause.
- (b) If the date the termination of a terminated contract takes effect is before the end of the service continuity period, for each *gas day* in the service continuity period, AEMO must pay to the relevant *facility operator* the amount determined under the methodology made by AEMO under rule 536A(1) of the NGR.

[Note to draft: This is currently set out in clause 10.4.]

- (c) AEMO will include a payment under paragraph (b) in the statement and invoice issued under Division 4 of Part 25 of the NGR as if the amount were an amount payable under that Part and must pay the amount as provided for and subject to that Part.

10.4. Rule 536A methodology

[Note: This will be published in the same instrument as the rule 536 methodology.]

- (a) For the purposes of rule 536A(1) of the NGR, AEMO determines the following methodology for calculating the amount payable by AEMO to the *facility operator* for a terminated contract in respect of the service continuity period.
- (b) The amount payable for the service continuity period is the sum, for each *gas day* in the service continuity period, of the daily service continuity payment.
- (c) The **daily service continuity payment** for a *gas day* is the sum, for each relevant primary transaction with a *service term* that includes that *gas day*, of:

$DSCP = TP \times TQ$

where:

 - DSCP is the daily service continuity payment for that *gas day* and relevant primary transaction;
 - TP is the transaction price for the relevant primary transaction; and
 - TQ is the terminated quantity for the relevant primary transaction.
- (d) To avoid doubt, the daily service continuity payment for a relevant primary transaction for a *gas day* is zero if:
 - (i) the *gas day* falls before the date the termination of the terminated contract takes effect; or
 - (ii) the *service term* for the relevant primary transaction does not include that *gas day*.
- (e) For the purposes of rule 536A(1) of the NGR, AEMO determines the following methodology for calculating the amount payable by the terminated primary shipper to AEMO in respect of the terminated contract:

[Note to draft: Will comprise the total daily service continuity payments that AEMO is required to pay, as calculated above, and for the period beyond the 14 day service continuity period, 25% of the sale price for the terminated capacity].

- (f) For the purposes of rule 536A(1) of the NGR, AEMO determines the following methodology for calculating the amount payable by AEMO to holders of terminated capacity with a service term that extends beyond the beyond the 14 day service continuity period:

[Note to draft: Will comprise a pro-rata share of the amount paid by the primary shipper to AEMO for the period beyond the 14 day service continuity period].

DIVISION 3 – AUCTION PROCEDURES

11. DEFINITIONS AND INTERPRETATION

In this Division, the following terms have the meaning given below.

[Note to Draft: Definitions to be finalised]

Term	Definition
Auction Interface Protocol	Has the meaning given in clause 15.3.
Auction Platform	The system established by AEMO for the <i>capacity auction</i> and communicating with <i>auction participants</i> and <i>facility operators</i> in relation to the <i>capacity auction</i> .
Auction Product	Each combination of receipt point, delivery point and <i>auction service</i> on an <i>auction facility</i> will comprise a separate Auction Product. There are three categories of Auction Product: forward haul product, compression product and backhaul product.
Auction Solver	The program used to determine the results of the <i>capacity auction</i> in accordance with, and giving effect to the principles in, rule 652.
backhaul product	An Auction Product for backhaul service between a <i>backhaul receipt point</i> and a <i>backhaul delivery point</i> .
cleared quantity	For a <i>gas day</i> , Auction Product and <i>auction participant</i> , the quantity of <i>auction MDQ</i> for that Auction Product allocated to the <i>auction participant</i> by the Auction Solver for that <i>gas day</i> .
compression product	An Auction Product for compression service between a <i>compression receipt point</i> and a <i>compression delivery point</i> .
forward haul product	An Auction Product for forward haul service between a pipeline receipt point and a pipeline delivery point.
product component	A product component is a <i>service point</i> , <i>pipeline segment</i> or <i>zone</i> associated with one or more Auction Products. Auction quantity limits are determined for each product component each <i>gas day</i> , in turn setting the quantity of the relevant Auction Product available in the <i>capacity auction</i> that <i>gas day</i> .
Trading Halt	In relation to an <i>auction participant</i> , a suspension by AEMO of the <i>auction participant's</i> access to or use of the Auction Platform.

12. AUCTION AGREEMENT AND AUCTION PROCEDURES

Rule 647 contemplates that the auction agreement will be set out in the Auction Procedures.

- (a) The *auction agreement* is set out in Appendix A.
- (b) This Division is designated as the Auction Procedures for the purposes of the *auction agreement* and Part 25 of the NGR.

13. ELIGIBILITY TO PARTICIPATE

13.1. General

To be eligible (and to remain eligible) to enter into an *auction agreement* and to access the Auction Platform and participate in *capacity auctions*, a person must:

- (a) be resident in, or have a permanent establishment in, Australia;
- (b) not be an externally-administered body corporate (as defined in the *Corporations Act 2001* (Cth)) or under a similar form of administration under the laws of some other jurisdiction;
- (c) not be immune from liabilities incurred as an *auction participant*;
- (d) be capable of being sued in its own name in a court of competent jurisdiction; and

- (e) have an *operational transportation service agreement* or other agreement allowing it to use the Auction Product purchased at a *capacity auction*.

13.2. Agent Participants

- (a) To be eligible to act (and remain) as an Agent Participant, a person must:
 - (i) have been jointly appointed by two or more persons (one of whom may also be the Agent Participant) to be their Agent Participant and that appointment must not have been revoked;
 - (ii) if the person is also a “Market Participant” under the Exchange Agreement, have been appointed by the same persons to be their “Agent Participant” under the Exchange Agreement and on the same terms as in respect of the *auction agreement* and *capacity auction*, and that appointment must not have been revoked;
 - (iii) be resident in, or have a permanent establishment in, Australia;
 - (iv) not be an externally-administered body corporate (as defined in the Corporations Act) or under a similar form of administration under the laws of some other jurisdiction;
 - (v) not be immune from liabilities incurred as an Agent Participant; and
 - (vi) be capable of being sued in its own name in a court of competent jurisdiction.
- (b) There is deemed to be a “Suspension Event” for the purposes of the *auction agreement* of an *auction participant* in relation to all the Appointing Participants for the Agent Participant and AEMO may impose a Trading Halt in accordance with and subject to the provisions of the *auction agreement* and this Division if either of the following occurs:
 - (i) AEMO has reasonable grounds to believe that an Agent Participant is no longer eligible to be an Agent Participant and the Appointing Participants (themselves or through the Agent Participant) have failed to give AEMO information to verify the Agent Participant’s continued eligibility within 2 *business days* of AEMO requesting that information from the Appointing Participants;
 - (ii) for any reason, there is no current Agent Participant in respect of the Appointing Participants.

13.3. Changes to Appointing Participants

- (a) The Appointing Participants for an Agent Participant may, acting jointly, from time to time on application to AEMO containing the information specified by AEMO:
 - (i) include an additional person as an Appointing Participant for the Agent Participant; or
 - (ii) remove a person as an Appointing Participant for the Agent Participant.
- (b) Any application under paragraph (a) must contain the information specified by AEMO and must be accompanied by information in a form satisfactory to AEMO evidencing:
 - (i) in the case of an additional Appointing Participant, that the additional Appointing Participant has appointed the proposed Agent Participant to act as its agent for the purposes of the *auction agreement* (and if the Agent Participant is also a “Market Participant” under the Exchange Agreement, the Exchange Agreement) jointly with the other Appointing Participants, and that the Agent Participant has accepted that appointment; and
 - (ii) in both cases, that all Appointing Participants for that Agent Participant have given their consent to such change.

- (c) If AEMO is satisfied that the application is in order, then AEMO must accept the application and take the necessary steps to implement the change under the *auction agreement*.
- (d) A person who is removed as an Appointing Participant for an Agent Participant:
 - (i) may request the termination of the *auction agreement*;
 - (ii) for so long as it continues as an Appointing Participant:
 - (A) must comply with all the obligations applicable to it as an *auction participant* including the appointment of representatives under clause 14.1; and
 - (B) is automatically suspended from access to and use of the Auction Platform until AEMO gives it the confirmation referred to in clause 15.2(b).

14. ADMINISTRATION

14.1. Representatives

- (a) The *auction participant* must nominate a principal organisational contact for all matters under the *auction agreement* and these Auction Procedures (other than those for which a specific representative is responsible under this clause 14.1) and to receive notices issued by AEMO.
- (b) The *auction participant* may nominate up to three systems representatives. The role of the systems representatives is to communicate with AEMO on behalf of the *auction participant* about establishing and maintaining secure access to the Auction Platform in accordance with the *auction agreement*.
- (c) The *auction participant* must nominate up to three settlement representatives. The role of settlement representatives is to communicate with AEMO on behalf of the *auction participant* about matters relating to settlement, credit support and prudential matters.
- (d) Nominations of representatives must in writing using the form (if any) and containing the information specified by AEMO for this purpose from time to time.
- (e) If no nomination is made under paragraph (b) or (c), the principal organisational contact will be taken to have been nominated in the role.

14.2. Terms of use

A *facility operator* must ensure that its authorised users comply with the terms of use for the Auction Interface in Appendix B.

14.3. Application of Capacity Transfer and Auction Timetable

- (a) AEMO, *auction participants* and *facility operators* must give information and notices and do any other thing provided for in this Division at, before or after the relevant time (if any) specified by the Capacity Transfer and Auction Timetable, or where the time is extended by the occurrence of a delay event specified the Capacity Transfer and Auction Timetable, that extended time.
- (b) AEMO must as soon as practicable notify and provide a revised timetable to *auction participants* (using the Auction Platform) and *facility operators* (using the CTP Interface) whenever a delayed time specified in the Capacity Transfer and Auction Timetable is to apply to the provision of any information or notice or doing of any thing under this Division.
- (c) If information or a notice is not given, or other thing not done at, before or after the time specified in the Capacity Transfer and Auction Timetable (as may have been extended), a provision in the Capacity Transfer and Auction Timetable that specifies the consequences of the failure has effect, and AEMO and the relevant *facility operator* must comply with the provision, as if the provision were set out in this Division.

15. AUCTION PLATFORM

15.1. Use of the Auction Platform

- (a) The Auction Platform must be used for participation in the *capacity auction* and for all communications relating to the *capacity auction* provided for in this Division.
- (b) If the Auction Platform is not available, alternative arrangements, if any, established by AEMO, must be used.

15.2. When access will be given

- (a) Subject to these Procedures and the *auction agreement*, AEMO will give an *auction participant* access to the Auction Platform to the extent required for the purpose of participating in *capacity auctions*.
- (b) The right of an *auction participant* to access the Auction Platform starts when AEMO confirms to the *auction participant* that it is satisfied that the *auction participant*, or the Agent Participant for each Appointing Participant:
 - (i) satisfies the eligibility criteria in clause 13.1;
 - (ii) has given all information required of it under clause 14.1 to AEMO and AEMO has created all necessary authorised user identities for the *auction participant* in the Auction Platform;
 - (iii) has a working, secure interface with the Auction Platform;
 - (iv) has paid the applicable *auction fees*;
 - (v) has an active account with an electronic cash transfer system designated by AEMO and has given its account information to AEMO; and
 - (vi) is registered for GST purposes and has executed and delivered to AEMO a recipient created tax invoice agreement in the form specified by AEMO from time to time.
- (c) The *auction participant's* right of access to and use of the Auction Platform terminates on termination of the *auction agreement*.

15.3. Auction Interface Protocol

- (a) AEMO must establish a document setting out AEMO's procedures and minimum requirements, to be known as the **Auction Interface Protocol**, for:
 - (i) establishing and maintaining an interface between the systems of the *auction participant* and the Auction Platform for the purposes of participation in the Auction Platform;
 - (ii) establishing authorised user identities within the Auction Platform; and
 - (iii) providing processes and guides for the use of the Auction Platform and communications.
- (b) AEMO may amend the Auction Interface Protocol after consulting with the *auction participants* and, must publish the current Auction Interface Protocol on its website.
- (c) The Auction Interface Protocol may be published as part of the Gas Trading Exchange interface protocol and the Auction Platform may be integrated with the platform used for the Gas Trading Exchange.
- (d) The *auction participant* must comply with the Auction Interface Protocol and must enter into any access and licensing agreement reasonably required by AEMO under the Auction Interface Protocol, governing the terms of access to and use of the Auction Platform.

- (e) The *auction participant* is responsible for ensuring that anyone accessing the Auction Platform using that *auction participant's* interface to the Auction Platform:
 - (i) is authorised by the *auction participant* to do so; and
 - (ii) is aware of and complies with the Auction Interface Protocol, the terms of any access and licensing agreement entered into under the Auction Interface Protocol and the provisions of these Procedures and the *auction agreement* that relate to Auction Platform access and use.

The *auction participant* is responsible for ensuring that the systems and equipment used by it interface correctly with the Auction Platform. AEMO has no liability whatsoever to any *auction participant* in connection with any failure of any system or equipment used by the *auction participant* to interface correctly with the Auction Platform.

15.4. Auction Platform operations

15.4.1. Auction Platform security

- (a) AEMO must use commercially reasonable efforts to implement and maintain security systems and procedures designed to prevent unauthorised access to the Auction Platform in accordance with Good Gas Industry Practice.
- (b) Each *auction participant* must use commercially reasonable efforts to:
 - (i) maintain the security of its interface with the Auction Platform;
 - (ii) ensure that its software and hardware that interfaces with the Auction Platform is free from any computer viruses; and
 - (iii) ensure that no computer viruses or malicious software is introduced onto the others' software and hardware as a consequence of the *auction participant's* use of the Auction Platform.

15.4.2. Auction Platform interruption

- (a) Each *auction participant* acknowledges that interruption or malfunction of communications including any third party telephone network fixed line service or malfunction of the *auction participant's* systems or equipment or the Auction Platform may result in the *auction participant's* bids not being received or the *auction participant* not receiving information or access to the Auction Platform.
- (b) Each *auction participant* is responsible for taking reasonable and prudent steps to mitigate the risk of communication failures in relation to its own participation in the *capacity auction* in accordance with its own business requirements.
- (c) If there is a communication failure, AEMO has no obligation to take account of or act on any bid or other communication from any *auction participant* provided by any other means.

15.4.3. Auction Platform maintenance

- (a) AEMO may suspend the operation of the Auction Platform to undertake maintenance and upgrading at any time. AEMO must use its reasonable endeavours to conduct maintenance and upgrading of the Auction Platform at times when in its reasonable opinion the impact on the *capacity auction* will be minimised.
- (b) AEMO must give *auction participants* as much notice as reasonably practicable of any period during which the Auction Platform will be unavailable as a result of any maintenance or upgrade.

15.5. Capacity Auction Records

- (a) The Auction Platform will create a record of bids, auction results and settlement (**Capacity Auction Records**).
- (b) AEMO must maintain the Capacity Auction Records for a period of seven years after the record was created.
- (c) The *auction participant* may (at its cost) request copies of Capacity Auction Records that record the relevant activity of the *auction participant*. AEMO will use reasonable endeavours to provide the information requested if the information is available, subject to:
 - (i) clause 24.2;
 - (ii) payment of AEMO's reasonable cost of retrieving and providing copies of the information; and
 - (iii) agreement on any other terms reasonably requested by AEMO, including as to confidentiality of the information.

16. PRODUCT COMPONENTS AND AUCTION SOLVER

16.1.1. AEMO to determine product components

- (a) AEMO must determine, include in Part 1 (Zone Register) of the *transportation service point register* and keep up to date the product components associated with each Auction Product as provided for in clause 16.1.2. A product component may be associated with more than one Auction Product.
- (b) AEMO may amend the product components associated with an Auction Product from time to time.

16.1.2. Product components associated with each product type

- (a) A forward haul product will have associated with it the following product components:
 - (i) forward haul receipt point;
 - (ii) receipt *zone*;
 - (iii) where applicable, each forward haul *pipeline segment*;
 - (iv) delivery *zone*; and
 - (v) forward haul delivery point.
- (b) A compression product will have associated with it the following product components:
 - (i) *compression receipt point*;
 - (ii) compression receipt *zone*;
 - (iii) *compression service facility*;
 - (iv) compression delivery *zone*; and
 - (v) *compression delivery point*.
- (c) A backhaul product will have associated with it the following product components:
 - (i) *backhaul receipt point*;
 - (ii) where applicable, each backhaul *pipeline segment*; and
 - (iii) *backhaul delivery point*.

16.1.3. Auction Solver and mathematical formulation document

- (a) The Auction Platform will implement the Auction Solver.

- (b) AEMO will establish and maintain a *capacity auction* mathematical formulation document describing in mathematical terms the manner in which the Auction Solver will determine the allocation of capacity and clearing prices in accordance with rules 652(8) and (9). The *capacity auction* mathematical formulation document will also contain:
 - (i) a description of the solution method;
 - (ii) a definition of the variables used in the Auction Solver;
 - (iii) the process for dealing with tied bids;
 - (iv) the process for dealing with ambiguous prices;
 - (v) the inputs to the Auction Solver, including variables and data structure; and
 - (vi) the output of the Auction Solver, including:
 - (A) the Auction Products a bidder has won in the *capacity auction*;
 - (B) the price of each Auction Product; and
 - (C) the total quantity purchased of each Auction Product;
- (c) AEMO may require a person to execute a confidentiality agreement in a form acceptable to AEMO before the *capacity auction* mathematical formulation document is made available to that person.
- (d) AEMO must notify *auction participants* and *facility operators* of any changes made by AEMO to the *capacity auction* mathematical formulation document.

17. AUCTION CANCELLATION AND FACILITY EXCLUSION

- (a) AEMO may cancel the running of the *capacity auction* for a *gas day* in the circumstances provided for in the Capacity Transfer and Auction Timetable.
- (b) AEMO must exclude an *auction facility* from the *capacity auction* (and all Auction Products and product components associated with the *auction facility*) for a *gas day* where:
 - (i) an *auction quantity limit* for the *gas day* for a product component associated with that *transportation facility* is not notified to AEMO within the time required by the Capacity Transfer and Auction Timetable (as may have been extended); or
 - (ii) in any other circumstances provided for in the Capacity Transfer and Auction Timetable.
- (c) AEMO must as soon as practicable publish a notice on the *Bulletin Board* if AEMO cancels the *capacity auction* for a *gas day* or excludes an *auction facility* from the *capacity auction* for a *gas day*.

18. CONDUCT OF THE CAPACITY AUCTION

18.1. Auction quantities

- (a) In accordance with the NGR, the *transportation capacity* available to be allocated in the *capacity auction* for a *gas day* is capped by reference to the *auction quantity limits* for the *gas day*.
- (b) The *auction quantity limit* for a product component for a *gas day* is the value determined by the *facility operator* for the *gas day* and notified to AEMO in accordance with clause 19.
- (c) Subject to clause 24.2, AEMO must publish the *auction quantity limits* for each *gas day*.

18.2. Bidding

18.2.1. Eligibility to bid

- (a) An *auction participant* is eligible to bid in respect of a *gas day* if the *auction participant* has been given access to the Auction Platform and is not subject to a Trading Halt.
- (b) An *auction participant* must only submit a bid for an Auction Product for a *gas day* if the *auction participant* has a valid *facility contract* that extends to use of the Auction Product, including the product components required for use of the Auction Product, on the *gas day* to which the bid relates.

18.2.2. Form of bids

- (a) Each bid must be in the form specified in the Auction Interface Protocol and must specify:
 - (i) the *gas day* being bid for;
 - (ii) the Auction Products being bid for in that bid;
 - (iii) the bid price applicable to the bid;
 - (iv) the minimum and maximum bid quantities applicable to the bid, expressed as a whole number of GJ per *gas day*;
 - (v) for each Auction Product in the bid, the contract reference and where the Auction Product is for use of capacity at a *DWGM interface point*, the DWGM reference; and
 - (vi) any other information required by the Auction Platform.
- (b) An *auction participant* may submit separate bids for different combinations of Auction Products.
- (c) For each bid:
 - (i) the bid price must be in \$/GJ and must be expressed to up to four decimal places;
 - (ii) the bid price must be \$0/GJ or higher;
 - (iii) the bid price must not be more than \$50/GJ; and
 - (iv) the bid quantity must be at least 1 GJ and must be expressed as a whole number of GJ.
- (d) An *auction participant* may submit a bid that specifies different prices for different quantities (each a **bid step**). Each bid step must be for a whole number of GJ. A maximum of 10 bid steps may be specified for each Auction Product.
- (e) An *auction participant* may submit a bid up to 15 days in advance of the *gas day* to which the bid relates. A bid submitted for *gas day* D earlier than *gas day* D-1 will be subject to initial validation on receipt and will also be validated on *gas day* D-1 and will be rejected if it fails either validation.

18.2.3. Time when bid is given

- (a) An *auction participant* is taken to have submitted a bid on receipt of data transmitted electronically by means of the Auction Platform which indicates that the *auction participant* has submitted a compliant bid.
- (b) AEMO is entitled to rely on all bids submitted by an *auction participant* through the Auction Platform. The receipt by AEMO of a bid from an *auction participant* through the Auction Platform will be sufficient to verify that the *auction participant* originated the bid.

18.2.4. Validation and rejection

- (a) AEMO must validate each bid by means of the Auction Platform at the time of submission of the bid and at time of determining *capacity auction* results. The validation process will check whether there is any reason to reject the bid as provided for in these Procedures. AEMO must notify the *auction participant* when the bid has been validated.
- (b) AEMO must reject a bid where:
 - (i) the bid does not contain all the information required for a valid bid;
 - (ii) any contract reference in the bid is invalid (for example, not recognised as a valid contract reference) or incorrect (for example, it is for a different Auction Product);
 - (iii) the *auction participant* is subject to a Trading Halt;
 - (iv) the bid would, if accepted, result in the *auction participant's* Credit Margin (as defined in the *auction agreement* and as last calculated by AEMO) falling below zero;
 - (v) the *auction participant's* Credit Margin (as defined in the *auction agreement* and as last calculated by AEMO) is below zero at the time of submitting the bid; or
 - (vi) the bid is submitted after the bidding deadline for the *gas day*.
- (c) AEMO may reject any bid as a consequence of the operation of security arrangements employed by AEMO for the protection of the Auction Platform including any virus detection software employed by AEMO.
- (d) An *auction participant* will be notified by means of the Auction Platform as soon as reasonably practicable where its bid has been rejected.

18.3. Determination of auction results

- (a) Using the Auction Platform, AEMO will conduct bid pre-processing for each *gas day* and input the results into the Auction Solver. Bid pre-processing will determine the product components associated with each Auction Product for which a valid bid has been submitted for the *gas day* and not rejected.
- (b) Using the Auction Platform, AEMO will run the Auction Solver for each *gas day*. The Auction Solver will:
 - (i) determine auction results using the product components determined in bid pre-processing; and
 - (ii) express the auction results in terms of the Auction Products with which the product components are associated.
- (c) A *facility operator* will be notified of the auction results relevant to each of its facilities and a winning bidder will be notified of the quantity it has won in the *capacity auction* and the clearing price.
- (d) Information about auction results to be published on the *Bulletin Board* is specified in clause 24.

18.4. Auction result errors

- (a) The results of a *capacity auction* notified by AEMO are final and binding.
- (b) No compensation is payable to any person for an erroneous auction result, whether arising from any error in the operation of the Auction Platform or the default (including negligence) of any person.

19. AUCTION QUANTITIES

19.1. Auction quantity limits

- (a) Each *gas day*, a *facility operator* must determine and send to AEMO the *auction quantity limits* for the following *gas day* for each product component associated with an *auction service* provided by means of any of its *auction facilities*, as provided for in clause 19.2.
- (b) Where the auction quantity limits for a *gas day* is determined using *nominations*, the *nominations* made at or before the nomination cut-off time for the *auction facility* for the *gas day* (as provided in clause 20.3) must be used.
- (c) Where the auction quantity limits for a *gas day* is determined using physical capacity, the most recent information about physical capacity of the *auction facility* reasonably available from the *facility operator* at the time the limits are determined must be used.
- (d) If there is a change to any information used to calculate an auction quantity limit after it has been notified to AEMO and before the time that AEMO is required to run the *capacity auction* for the *gas day*, the *facility operator* must determine and send to AEMO the updated auction quantity limit as soon as practicable.

19.2. Categories of auction quantity limit

- (a) The auction quantity limits to be determined for each product component associated with a *pipeline* for forward haul products are specified in table 19.2.1.
- (b) The auction quantity limits to be determined for each product component associated with a *compression service facility* are specified in table 19.2.2.
- (c) The auction quantity limits to be determined for each product component associated with a *pipeline* for which backhaul products are offered in the *capacity auction* are specified in table 19.2.3.
- (d) Tables 19.2.1 to 19.2.3 use quantities and terms defined in clause 19.3.

Table 19.2.1: Auction quantity limits table for product components on pipelines

Auction Quantity Limit (GJ)	Product component	Definition (GJ)
unused capacity (for the applicable type of forward haul receipt point)	forward haul receipt point	PC – SF, in each case for the forward haul receipt point and <i>gas day</i> D.
unused capacity (for the applicable type of forward haul delivery point)	forward haul delivery point	PC – SF, in each case for the forward haul delivery point and <i>gas day</i> D.
<i>pipeline segment</i> forward haul limit	forward haul <i>pipeline segment</i>	The lesser of: (a) CBU capacity for the forward haul <i>pipeline segment</i> and <i>gas day</i> ; and (b) operational capacity for the forward haul <i>pipeline segment</i> and <i>gas day</i> .
pipeline <i>zone</i> forward haul limit	pipeline receipt <i>zone</i>	The lesser of: (a) CBU capacity for the <i>zone</i> and <i>gas day</i> ; and (b) operational capacity for the <i>zone</i> and <i>gas day</i> .
	pipeline delivery <i>zone</i>	The lesser of: (a) CBU capacity for the <i>zone</i> and <i>gas day</i> ; and (b) operational capacity for the <i>zone</i> and <i>gas day</i> .

Table 19.2.2: Auction quantity limits table for product components associated with compression service facilities

Auction Quantity Limit (GJ)	Product component	Definition
unused capacity	<i>compression receipt point</i>	PC – SF, in each case for the <i>compression receipt point</i> and <i>gas day D</i> .
	<i>compression delivery point</i>	PC – SF, in each case for the <i>compression delivery point</i> and <i>gas day D</i> .
compression facility limit ⁴	<i>compression service facility</i>	The lesser of: (a) CBU capacity for the <i>compression service facility</i> and <i>gas day</i> ; and (b) operational capacity for the <i>compression service facility</i> and <i>gas day</i> .
compression zone limit	<i>compression receipt zone</i>	The lesser of: (a) CBU capacity for the <i>zone</i> and <i>gas day</i> ; and (b) operational capacity for the <i>zone</i> and <i>gas day</i> .
	<i>compression delivery zone</i>	The lesser of: (a) CBU capacity for the <i>zone</i> and <i>gas day</i> ; and (b) operational capacity for the <i>zone</i> and <i>gas day</i> .

Table 19.2.3: Auction quantity limits table for product components associated with backhaul

Auction Quantity Limit (GJ)	Product component	Definition
<i>backhaul pipeline segment</i> limit	<i>backhaul pipeline segment</i>	Scheduled net priority forward haul flow for the <i>backhaul pipeline segment</i> for <i>gas day D</i> .
<i>backhaul receipt point</i> limit	<i>backhaul receipt point</i> that is also used as a forward haul delivery point	Scheduled net priority forward haul flow for the <i>backhaul delivery point</i> for <i>gas day D</i> .
	<i>backhaul receipt point</i> that is also used as a forward haul receipt point	Unused capacity for the <i>backhaul receipt point</i> for <i>gas day D</i> .
<i>backhaul delivery point</i> limit	<i>backhaul delivery point</i> that is also used as a forward haul delivery point	Unused capacity for the <i>backhaul delivery point</i> for <i>gas day D</i> .
	<i>backhaul delivery point</i> that is also used as a forward haul receipt point	Scheduled net priority forward haul flow for the <i>backhaul receipt point</i> for <i>gas day D</i> .

19.3. Quantities and terms used to calculate auction quantity limits

Table 19.3 sets out, for each product component, the value to be determined for each *gas day* and used to calculate the auction quantity limits.

Table 19.3: Definitions: Quantities to be determined for each gas day and product component

Quantity name	Product component	Quantity to be determined for each gas day (GJ)
CBU capacity	forward haul <i>pipeline segment</i>	CC – SF, in each case for the forward haul <i>pipeline segment</i> for <i>gas day D</i> .

⁴ This drafting assumes that Part 25 of the NGR will be amended to reflect the inclusion of this limit. This change has been raised with the GMRG.

Quantity name	Product component	Quantity to be determined for each gas day (GJ)
	forward haul delivery point	CC – SF, in each case for the forward haul delivery point for <i>gas day D</i> .
	forward haul receipt point	CC – SF, in each case for the forward haul receipt point for <i>gas day D</i> .
	pipeline delivery zone	The sum of CBU capacity for <i>gas day D</i> for each forward haul delivery point in the zone.
	pipeline receipt zone	The sum of CBU capacity for <i>gas day D</i> for each forward haul receipt point in the zone.
	<i>compression delivery point</i>	CC – SF, in each case for the <i>compression delivery point</i> for <i>gas day D</i> .
	<i>compression receipt point</i>	CC – SF, in each case for the <i>compression receipt point</i> for <i>gas day D</i> .
	<i>compression service facility</i>	CC – SF, in each case for the <i>compression service facility</i> for <i>gas day D</i> .
	compression delivery zone	The sum of CBU capacity for <i>gas day D</i> for each <i>compression delivery point</i> in the zone.
	compression receipt zone	The sum of CBU capacity for <i>gas day D</i> for each <i>compression receipt point</i> in the zone.
contracted capacity or CC	forward haul delivery point (not falling into any other category)	RFC for the forward haul delivery point for <i>gas day D</i> .
	forward haul delivery point that is also used as a <i>backhaul delivery point</i>	RFC + RBC, in each case for the forward haul delivery point for <i>gas day D</i> .
	forward haul delivery point that is also used as a <i>backhaul receipt point</i>	RFC , in each case for the forward haul delivery point for <i>gas day D</i> .
	forward haul receipt point (not falling into any other category)	RFC for the forward haul receipt point for <i>gas day D</i> .
	forward haul receipt point that is also used as a <i>backhaul receipt point</i>	RFC + RBC, in each case for the forward haul receipt point for <i>gas day D</i> .
	forward haul receipt point that is also used as a <i>backhaul delivery point</i>	RFC , in each case for the forward haul receipt point for <i>gas day D</i> .
	<i>compression delivery point</i>	The transportation capacity at the <i>compression delivery point reserved</i> for use for <i>gas day D</i> by <i>firm compression services</i> .
	<i>compression receipt point</i>	The transportation capacity at the <i>compression receipt point reserved</i> for use for <i>gas day D</i> by <i>firm compression services</i> .
	<i>compression service facility</i>	The transportation capacity of the <i>compression service facility reserved</i> for use for <i>gas day D</i> by <i>firm compression services</i> .
	forward haul <i>pipeline segment</i>	The transportation capacity in the forward haul <i>pipeline segment reserved</i> for use for <i>gas day D</i> by <i>firm forward haul services</i> .
	pipeline delivery zone	The sum of the contracted capacity (CC) for all forward haul pipeline delivery points in the zone.
	pipeline receipt zone	The sum of the contracted capacity (CC) for all pipeline receipt points in the zone.
	compression delivery zone	The sum of the contracted capacity (CC) for all <i>compression delivery points</i> in the zone.

Quantity name	Product component	Quantity to be determined for each gas day (GJ)
	compression receipt zone	The sum of the contracted capacity (CC) for all <i>compression receipt points</i> in the <i>zone</i> .
operational capacity	forward haul <i>pipeline segment</i>	The quantity of natural gas that can be transported through the <i>pipeline segment</i> on <i>gas day D</i> in that direction.
	forward haul delivery point (including where used for backhaul)	The quantity of natural gas that can be withdrawn from the pipeline through the forward haul delivery point on <i>gas day D</i> .
	forward haul receipt point (including where used for backhaul)	The quantity of natural gas that can be injected into the pipeline through the forward haul receipt point on <i>gas day D</i> .
	pipeline delivery zone	The sum of operational capacity for <i>gas day D</i> for each forward haul delivery point in the <i>zone</i> .
	pipeline receipt zone	The sum of operational capacity for <i>gas day D</i> for each forward haul receipt point in the <i>zone</i> .
	<i>compression service facility</i>	The quantity of natural gas that can be compressed by the <i>compression service facility</i> on <i>gas day D</i> .
	<i>compression delivery point</i>	The quantity of natural gas that can be withdrawn from the <i>compression service facility</i> through the <i>compression delivery point</i> on <i>gas day D</i> .
	<i>compression receipt point</i>	The quantity of natural gas that can be injected into the <i>compression service facility</i> through the <i>compression receipt point</i> on <i>gas day D</i> .
	compression delivery zone	The sum of operational capacity for <i>gas day D</i> for each <i>compression delivery point</i> in the <i>zone</i> .
compression receipt zone	The sum of operational capacity for <i>gas day D</i> for each <i>compression receipt point</i> in the <i>zone</i> .	
PC or physical capacity	forward haul delivery point	The lesser of the: (a) <i>nameplate rating</i> of the forward haul delivery point; and (b) operational capacity of the forward haul delivery point for <i>gas day D</i> .
	forward haul receipt point	The lesser of the: (a) <i>nameplate rating</i> of the forward haul receipt point; and (b) operational capacity of the forward haul receipt point for <i>gas day D</i> .
	<i>compression delivery point</i>	The lesser of the: (a) <i>nameplate rating</i> of the <i>compression delivery point</i> ; and (b) operational capacity of the <i>compression delivery point</i> for <i>gas day D</i> .
	<i>compression receipt point</i>	The lesser of the: (a) <i>nameplate rating</i> of the <i>compression receipt point</i> ; and (b) operational capacity of the <i>compression receipt point</i> for <i>gas day D</i> .
	<i>backhaul receipt point</i> that is also used as a forward haul receipt point	PC for the forward haul receipt point for <i>gas day D</i> .
	<i>backhaul delivery point</i> that is also used as a forward haul delivery point	PC for the forward haul delivery point for <i>gas day D</i> .

Quantity name	Product component	Quantity to be determined for each gas day (GJ)
RBC or <i>reserved</i> backhaul capacity	forward haul delivery point	The transportation capacity at the forward haul delivery point <i>reserved</i> for use for <i>gas day D</i> by <i>firm backhaul services</i> .
	forward haul receipt point	The transportation capacity at the forward haul receipt point <i>reserved</i> for use for <i>gas day D</i> by <i>firm backhaul services</i> .
RFC or <i>reserved</i> forward haul capacity	forward haul delivery point	The transportation capacity at the forward haul delivery point <i>reserved</i> for use for <i>gas day D</i> by <i>firm forward haul services</i> .
	forward haul receipt point	The transportation capacity at the forward haul receipt point <i>reserved</i> for use for <i>gas day D</i> by <i>firm forward haul services</i> .
scheduled net priority forward haul flow	<i>backhaul delivery point</i> that is also used as a forward haul receipt point ¹	SF – SBF, in each case for the <i>backhaul delivery point</i> for <i>gas day D</i> .
	<i>backhaul receipt point</i> that is also used as a forward haul delivery point ²	SF – SBF, in each case for the <i>backhaul receipt point</i> for <i>gas day D</i> .
	<i>backhaul pipeline segment</i>	SF – SBF, in each case for the <i>backhaul pipeline segment</i> for <i>gas day D</i> .
SBF or scheduled priority backhaul flow	<i>backhaul delivery point</i> that is also used as a forward haul receipt point	The <i>scheduled quantity</i> for <i>firm backhaul services</i> through the <i>backhaul delivery point</i> for <i>gas day D</i> .
	<i>backhaul receipt point</i> that is also used as a forward haul delivery point	The <i>scheduled quantity</i> for <i>firm backhaul services</i> through the <i>backhaul receipt point</i> for <i>gas day D</i> .
	<i>backhaul pipeline segment</i>	The <i>scheduled quantity</i> for <i>firm backhaul services</i> through the <i>backhaul pipeline segment</i> for <i>gas day D</i> .
SF or scheduled priority flow	forward haul <i>pipeline segment</i>	The <i>scheduled quantity</i> for <i>firm forward haul services</i> for the forward haul <i>pipeline segment</i> for <i>gas day D</i> .
	<i>backhaul pipeline segment</i>	The <i>scheduled quantity</i> for <i>firm forward haul services</i> for the <i>backhaul pipeline segment</i> for <i>gas day D</i> .
	forward haul delivery point (not falling into any other category)	SFQ for the forward haul delivery point for <i>gas day D</i> .
	forward haul delivery point that is also used as a <i>backhaul delivery point</i>	SFQ + SBQ, in each case for the forward haul delivery point for <i>gas day D</i> .
	forward haul delivery point that is also used as a <i>backhaul receipt point</i>	SFQ – SBQ, in each case for the forward haul delivery point for <i>gas day D</i> .
	forward haul receipt point (not falling into any other category)	SFQ for the forward haul receipt point for <i>gas day D</i> .
	forward haul receipt point that is also used as a <i>backhaul receipt point</i>	SFQ + SBQ for the forward haul receipt point for <i>gas day D</i> .
	forward haul receipt point that is also used as a <i>backhaul delivery point</i>	SFQ - SBQ, in each case for the forward haul receipt point for <i>gas day D</i> .
	pipeline delivery <i>zone</i>	The sum of the scheduled priority flow at each pipeline delivery point in the <i>zone</i> for <i>gas day D</i> .

Quantity name	Product component	Quantity to be determined for each gas day (GJ)
	pipeline receipt zone	The sum of the scheduled priority flow at each pipeline receipt point in the zone for gas day D.
	compression delivery point	The <i>scheduled quantity</i> at the <i>compression delivery point</i> for <i>firm compression services</i> for gas day D.
	compression receipt point	The <i>scheduled quantity</i> at the <i>compression receipt point</i> for <i>firm compression services</i> for gas day D.
	compression service facility	The <i>scheduled quantity</i> for the <i>compression service facility</i> for <i>firm compression services</i> for gas day D.
	compression delivery zone	The sum of the scheduled priority flow at each <i>compression delivery point</i> in the zone for gas day D.
	compression receipt zone	The sum of the scheduled priority flow at each <i>compression receipt point</i> in the zone for gas day D.
SBQ or scheduled backhaul quantity	forward haul delivery point	The <i>scheduled quantity</i> at the forward haul delivery point for gas day D for <i>firm backhaul services</i> .
	forward haul receipt point	The <i>scheduled quantity</i> at the forward haul receipt point for gas day D for <i>firm backhaul services</i> .
SFQ or scheduled forward haul quantity	forward haul delivery point	The <i>scheduled quantity</i> at the forward haul delivery point for gas day D for <i>firm forward haul services</i> .
	forward haul receipt point	The <i>scheduled quantity</i> at the forward haul receipt point for gas day D for <i>firm forward haul services</i> .
unused capacity	<i>backhaul receipt point</i> that is also used as a forward haul receipt point ³	PC – SF, in each case for the <i>backhaul receipt point</i> for gas day D.
	<i>backhaul delivery point</i> that is also used as a forward haul delivery point ⁴	PC – SF, in each case for the <i>backhaul delivery point</i> for gas day D.

1 In the definition of SF, this is described as a forward haul receipt point that is also used as a *backhaul delivery point*.

2 In the definition of SF, this is described as a forward haul delivery point that is also used as a *backhaul receipt point*.

3 In the definition of SF, this is described as a forward haul receipt point that is also used as a *backhaul receipt point*.

4 In the definition of SF, this is described as a forward haul delivery point that is also used as a *backhaul delivery point*.

20. GIVING EFFECT TO AUCTION RESULTS

20.1. Validation and confirmation process

- (a) Each *gas day d*, AEMO must give an **auction MDQ notice** to each *facility operator* specifying the *auction MDQ* for that *facility operator* for the following *gas day*.
- (b) An auction MDQ notice must contain the information required to identify the *auction MDQ* required to be allocated to each *auction participant* including the *gas day*, quantity, *auction service*, *auction participant* and contract reference.
- (c) A *facility operator* in receipt of an auction MDQ notice (other than a notice in which all values are nil) must validate the allocation of *auction MDQ* by checking whether there is an invalid contract reference or a contract transfer restriction. **[Note to Draft: Other validation conditions under consideration by AEMO]**
- (d) An **invalid contract reference** occurs in relation to an allocation of *auction MDQ* if a contract reference in the auction MDQ notice is invalid, including where it is for a contract with a different *transportation facility user* or relates to a contract that does not extend to the *auction service* or *service points* required for use of the Auction Product.
- (e) A **contract transfer restriction** occurs in relation to an allocation of *auction MDQ* if the terms of the specified contract prohibits or restricts the allocation of the required quantity of *auction MDQ* to the *auction participant*, including where the *auction participant* has an insufficient Credit Margin.

- (f) Except where and to the extent there is an invalid contract reference or contract transfer restriction, a *facility operator* must when validation is complete, give effect to an auction MDQ notice by allocating the required quantity of *auction MDQ* to the *auction participant* under the specified contract for the *gas day*.

20.2. DWGM allocations

Rule 630(2) requires these Procedures to provide the arrangements under which a sale of transportation capacity through the capacity auction or the Gas Trading Exchange at a DWGM interface point will be, or will be taken to have been, notified to AEMO and where necessary, confirmed, approved or accepted by AEMO or any other person, for the purposes of Part 19.

Note: This process does not extend to STTM interface points. If an auction participant purchases an Auction Product connecting to the STTM then it must use a Market Schedule Variation (MSV) to reflect any change in pipeline scheduled quantities.

- (a) In this clause:
- (i) a **DWGM allocation** means an allocation of *auction MDQ* notified by AEMO and confirmed by a *facility operator* under clause 20.1, where the transfer results in an allocation of *auction MDQ* to an *auction participant* at a *DWGM interface point*; and
 - (ii) a **DWGM auction participant** means, in relation to a DWGM allocation, the *auction participant* to which the DWGM allocation was made.
- (b) For each DWGM allocation:
- (i) if the DWGM auction participant has an *accredited controllable quantity*, the DWGM auction participant will be taken to have issued a further application under rule 210 for *accreditation* (corresponding to the increase confirmed for the DWGM allocation); and
 - (ii) AEMO must as soon as practicable after the allocation of *auction MDQ* has been confirmed by the *facility operator* in accordance with clause 20.1:
 - (A) process that application in accordance with rule 210 and the *accreditation procedures*; and
 - (B) increase the maximum hourly quantity of the DWGM auction participant to whom the transfer is made in accordance with the *accreditation procedures* by the amount of the *auction MDQ* allocated.

20.3. Nomination cut-off time

- (a) The nomination cut-off time for the use of *auction MDQ* allocated in the *capacity auction* for *gas day D* is the time on *gas day D* specified, and as may be extended, under the Capacity Transfer and Auction Procedures.
- (b) *Facility operators* must implement the nomination cut-off time referred to in paragraph (a) for the nomination and scheduling of *auction MDQ* allocated in the *capacity auction*.

21. CAPACITY AUCTION SETTLEMENT AND PRUDENTIAL CALCULATIONS

21.1. Indices and terms used in equations

The following table defines the indices used in the settlement equations and prudential calculations.

A reference to a **connected auction product** means, in relation to an *auction participant* for a *gas day* and each Auction Product for which the *auction participant* was allocated *auction MDQ* for the *gas day*, each other Auction Product in the *auction participant's* successful bid (and if there was more than one, the bid in relation to which the *auction MDQ* was allocated).

Term	Definition
ap	Denotes an <i>auction participant</i> .
bp	Denotes a <i>billing period</i> .
c	Denotes a product component
d	Denotes a <i>gas day</i> .
p	Denotes an Auction Product.
p*	Denotes an Auction Product within a set of connected auction products.
p1 to pk	Denotes each Auction Product within a set of connected auction products.
lp	Denotes a connected auction product.
sp	Denotes a <i>facility operator</i> .

The following table defines the terms used in the settlement equations.

Term	Unit	Definition
APP	\$/GJ	Means for a <i>gas day</i> and Auction Product, the Auction Product Price calculated for the <i>gas day</i> under clause 21.3.1.
BE	\$	Means for an <i>auction participant</i> at any time, the Bid Exposure, calculated under clause 23.2(c).
CP	\$/GJ	Means for a <i>gas day</i> and product component, the component price determined by the Auction Solver for the product component for the <i>gas day</i> .
GIA	\$	Means, for an <i>auction participant for a billing period</i> , the gross invoiced amount for Auction Products calculated as owing to AEMO under its <i>auction agreement</i> in respect of that <i>billing period</i> (disregarding the set-off arrangements in the <i>auction agreement</i> , where the Defaulting Participant (as defined in clause 22.1.2) is also a party to the Exchange Agreement), where the <i>auction participant's</i> invoice for the <i>billing period</i> is not yet due for payment.
IND	\$	Means for an <i>auction participant</i> at any time, the Indicative Settlement Amount, calculated under clause 23.2(b).
NQ	GJ	Means for <i>auction MDQ</i> allocated to an <i>auction participant</i> for a <i>gas day</i> , the <i>auction participant's</i> nomination for use of the <i>auction MDQ</i> on that <i>gas day</i> and, where revised, the lowest of the <i>auction MDQs</i> so nominated.
PC	GJ	Means for a <i>gas day</i> , Auction Product and <i>auction participant</i> , the Product Capacity calculated under clause 21.3.3(a).
PSA	\$	Means for an <i>auction participant</i> and <i>gas day</i> , the <i>auction participant</i> daily settlement amount.
RC	GJ	Means for a <i>gas day</i> , Auction Product and <i>auction participant</i> , the revised Product Capacity submitted by the relevant <i>facility operator</i> or, if the relevant <i>facility operator</i> has not submitted the revised Product Capacity, the cleared quantity.
RQ	GJ	Means for <i>auction MDQ</i> allocated to an <i>auction participant</i> for a <i>gas day</i> , actual quantity of <i>auction MDQ</i> available for use by the <i>auction participant</i> , taking into account curtailments and transfer failures, on that <i>gas day</i> .
SSA	\$	Means for a <i>facility operator</i> and <i>gas day</i> , the facility operator daily settlement amount.
SQ	GJ	Means for a <i>gas day</i> , Auction Product and <i>auction participant</i> , the Settlement Quantity calculated under clause 21.3.3(b).

21.2. Information for settlement to be provided by facility operators

21.2.1. Information from facility operators

- (a) The *facility operator* for an *auction facility* must provide the following information to AEMO for the *auction facility* and each *gas day D*:
 - (i) the RQ for each *auction participant* and each quantity of *auction MDQ* allocated for *gas day D*;
 - (ii) the NQ for each *auction participant* and each quantity of *auction MDQ* allocated for *gas day D*.
- (b) The *facility operator* must use reasonable endeavours to provide the information in paragraph (a) by 13:00 on *gas day D-1*. If the *facility operator* is unable to provide the information in paragraph (a) by that time, the *facility operator* must provide that information as soon as practicable thereafter.

21.2.2. Revisions and disputes

- (a) A *facility operator* may revise the information in clause 21.2.1(a) by sending updated information to AEMO up to the settlement cut-off time for revised settlement. Information provided before the settlement cut-off time for a *billing period* or revised settlement will be included in settlement for the *billing period* or revised settlement as applicable.
- (b) Any dispute between an *auction participant* and a *facility operator* about the RQ or the NQ is a rule dispute for the purposes of the NGL.

21.3. Auction Settlement

21.3.1. Calculation of Auction Product Prices

The Auction Product Price for an Auction Product for a *gas day* is determined as follows:

$$A = \sum_{c, ap, d} CP(c, ap, d)$$

21.3.2. Billing Period settlement amount for auction participants

- (a) For each *billing period*, each *auction participant* must pay to AEMO the billing period settlement amount determined for that *auction participant* and *billing period*.
- (b) The billing period settlement amount for an *auction participant* for a *billing period* is the sum of the daily auction participant settlement amounts for the *auction participant* for each *gas day* starting in the *billing period*.

21.3.3. Calculation of daily auction participant settlement amount

- (a) The Product Capacity for an *auction participant* and each connected auction product in a set of connected auction products for a *gas day* is determined as follows:

$$P(a, p, d) = M(R(a, p, 1, d), \dots, R(a, p, d, d))$$

- (b) The Settlement Quantity for an *auction participant* and Auction Product for a *gas day* is determined as follows:

$$S(a, p, d) = M(P(a, p, d), N(a, p, d))$$

- (c) The settlement amount for an *auction participant* and Auction Product for a *gas day* is determined as follows:

$$P(a, p, d) = (A \times S(a, p, d))$$

- (d) The daily auction participant settlement amount for an *auction participant* for a *gas day* is determined as follows:

$$P(a, d) = \sum_p (P(a, p, d))$$

21.3.4. Billing Period settlement amount for facility operators

- (a) For each *billing period*, subject to clause 22, AEMO must pay to each *facility operator* the billing period settlement amount for that *facility operator* and *billing period*.
- (b) The facility operator billing period settlement amount for a *facility operator* for a *billing period* is the sum of the facility operator daily settlement amounts for the *facility operator* for each *gas day* starting in the *billing period*.

21.3.5. Calculation of facility operator daily settlement amount

- (a) The daily settlement amount for a *facility operator* for an Auction Product and a *gas day* is determined as follows:

$$S(p, s, d) = \sum a(PSA, (ap, p, d))$$

- (b) The facility operator daily settlement amount for a *facility operator* for a *gas day* is determined as follows:

$$S(s, d) = \sum p(SSA(p, sp, d))$$

21.3.6. Settlement statements and invoicing

- (a) The *auction agreement* governs the provision of settlement statements, invoices and payment terms for *auction participants*.
- (b) Division 4 of Part 25 of the NGR governs the provision of settlement statements, invoices and payment terms for *auction participants*.
- (c) GST is payable in accordance with the *auction agreement* or Part 25 of the NGR as applicable.

21.3.7. Settlement facilities

- (a) Subject to paragraph (b), AEMO and the *auction participant* must use the electronic cash transfer system designated by AEMO for the payment of amounts under the *auction agreement* and these Procedures.
- (b) AEMO must ensure that an electronic funds transfer facility is made available to the *auction participant* and AEMO for use:
 - (i) if the designated electronic cash transfer system is not available for settlement;
 - (ii) where agreed or determined by AEMO for the payment of ad hoc amounts under the *auction agreement* or these Procedures.

22. MAXIMUM PAYMENT CALCULATION

22.1.1. Application

The maximum payment calculation and shortfall adjustment in this clause apply for the purposes of:

- (a) Division 4 of Part 25 of the NGR;
- (b) the methodology made by AEMO under rule 536A of the NGR and clause 9.2 of these Procedures;
- (c) clause 18 of the Exchange Agreement; and
- (d) each *auction agreement* entered into between AEMO and an *auction participant*.

22.1.2. Definitions

In this clause:

Defaulting Participant means for a *billing period* each:

- (a) Market Participant who fails to pay an amount payable by it to AEMO for the *billing period* under the Exchange Agreement; and
- (b) *auction participant* who fails to pay an amount payable by it to AEMO for the *billing period* under the *auction participant's auction agreement*,

in each case, in full by 2:00pm on the Payment Date for the *billing period*.

Exchange Fees has the meaning given to it in the Exchange Agreement.

Market Participant has the meaning given to it in the Exchange Agreement.

Payee means a Market Participant, *auction participant* or *facility operator*, as applicable.

Payment Date means the payment date under the Relevant Instruments and, if different between Relevant Instruments, the payment date under the *auction agreement*.

Relevant Instrument means:

- (a) in relation to a Market Participant, the Exchange Agreement; and
- (b) in relation to an *auction participant*, its *auction agreement*;
- (c) in relation to a *facility operator*, Division 4 of Part 25 of the NGR, as determined under clause 21 of these Procedures; and
- (d) in relation to a *facility operator*, the methodology made by AEMO under rule 536A of the NGR and clause 9.2 of these Procedures.

Relevant Market Amount means in relation to a Defaulting Participant for a period:

- (a) where the Defaulting Participant is a Market Participant, the net amount calculated as owing to AEMO under the Exchange Agreement in respect of that period (disregarding the set-off arrangements in the *auction agreement*, where the Defaulting Participant is also an *auction participant*); and
- (b) where the Defaulting Participant is an *auction participant*, the amount calculated as owing to AEMO under its *auction agreement* in respect of that period (disregarding the set-off arrangements in the *auction agreement*, where the Defaulting Participant is also a party to the Exchange Agreement).

22.1.3. Maximum Total Payment and Payment Shortfall calculations

- (a) The **Maximum Total Payment** for a *billing period* is equal to:
 - (i) the aggregate of the amounts received by AEMO (including by way of prepayment) as payment for an amount owing to AEMO for the *billing period* under a Relevant Instrument by 2:00pm on the Payment Date for that *billing period*; plus
 - (ii) the aggregate amount which AEMO is able to obtain by that time from the credit support provided by a Defaulting Participant under the Exchange Agreement or the participant's *auction agreement*, less
 - (iii) the aggregate of the amount of all Exchange Fees and *auction fees* payable to AEMO pursuant to the Exchange Agreement or *auction agreements* for the *billing period*.
- (b) The **Total Payment Due** by AEMO in respect of a *billing period* is equal to the sum of all amounts payable by AEMO to relevant Payees under Relevant Instruments for the *billing period*.
- (c) The **Payment Shortfall** for a *billing period* is equal to the greater of:
 - (i) zero; and
 - (ii) the Total Payment Due for the *billing period* less the Maximum Total Payment for the *billing period*.

22.1.4. Adjustment for shortfall

If the Payment Shortfall for a *billing period* is greater than zero, each Relevant Market Amount payable by AEMO to a Payee under a Relevant Instrument for the *billing period* is reduced by applying the following formula:

$$AAP = P \times [(G - F) / G]$$

where:

- AAP is the reduced Relevant Market Amount payable by AEMO to the Payee under the Relevant Instrument for the *billing period*;
- P is the Relevant Market Amount that would have been payable to the Payee under the Relevant Instrument for the *billing period* but for the application of this clause;
- F is the shortfall amount in respect of the Relevant Instrument, which is calculated as follows:
- $$F = PS \times RI / ARI$$
- where:
- PS is the Payment Shortfall for the *billing period*;
- RI is the aggregate of the Relevant Market Amount of each Defaulting Participant under the Relevant Instrument for the *billing period*;
- ARI is the aggregate of the Relevant Market Amounts of all Defaulting Participants under all Relevant Instruments for the *billing period*;
- G is the Total Payment Due for the *billing period*.

23. AUCTION CREDIT EXPOSURE CALCULATION

23.1. Where this calculation is used

This clause applies for the purposes of determining the Credit Exposure (as defined in the *auction agreement*) of an *auction participant*. The Credit Exposure is used to determine the Credit Margin (as defined in the *auction agreement*) of the *auction participant*

23.2. Calculation of credit exposure

- (a) The indices and defined terms used in this clause are defined in clause 21.1.
- (b) The Indicative Settlement Amount for an *auction participant* at any time is determined by AEMO as follows:

$$I(a) = \sum d(P(a, d)),$$

where *d* is a first gas day not yet included in an invoice through to tomorrow.

- (c) The Bid Exposure for an *auction participant* at any time is determined by AEMO as follows, but disregarding bids for *capacity auctions* which have been run and bids that are not for the *gas day* on which the calculation is made or the following *gas day*.

$$B(a, d) = \sum p(\text{Bid Price}(d, lp, ap) \times \text{Bid Quantity}(d, lp, ap))$$

- (d) The Credit Exposure for an *auction participant* at any time in relation to the *capacity auction* is determined by AEMO as follows:

$$AE(ap) = BE(ap) + IND(ap) + GIA(ap)$$

24. BB REPORTING

24.1. Reports

Subject to clause 24.2, AEMO must publish on the *Bulletin Board* the reports specified in the table below at the corresponding times specified in the table below.

Table 24: Bulletin Board reports

Report Name	Content	Publication Time
Auction Quantity Limits Report	Auction quantity limits for each product component	On each <i>gas day</i> as soon as practicable after the cut-off time for provision of auction quantity limits by <i>facility operators</i> , as may be extended, under the Capacity Transfer and Auction Timetable
Product Component Price and Volume Report	Cleared quantities, prices and price sensitivities for each product component	On each <i>gas day</i> as soon as practicable after the <i>capacity auction</i> has provided cleared quantities and prices for each product component
Revised Auction Quantities Report	For each product component: (a) initial cleared quantity as determined by the Auction Solver; (b) where there has been a curtailment of the initial cleared quantity, the revised auction quantity which must be the aggregate minimum quantity made available to <i>auction participants</i> on the <i>gas day</i> ; and (c) final aggregated scheduled nominations.	14:00 on <i>gas day</i> D+1

24.2. Information access restrictions

Rule 657(3) provides that the Procedures may provide for access to information about auction quantity limits or auction results to be restricted, where necessary to protect against directly or indirectly disclosing a nomination made by a market generating unit as defined in the National Electricity Rules.

AEMO may restrict access to information about *auction quantity limits* or auction results for a *gas day* where AEMO considers that such restriction is necessary or desirable to protect against directly or indirectly disclosing a nomination made by a “market generating unit” as defined in the *National Electricity Rules*.

DIVISION 5 – TRANSITIONAL

[Note to Draft: This Division is under further consideration by AEMO]

25. COMPRESSION SERVICE FACILITY INFORMATION

25.1. Application

- (a) This clause 5 applies for the purposes of Part 5 of Schedule 5 in relation to *transitional compression facilities*.
- (b) This clause 5 ceases to apply in relation to a *transitional compression facilities* at the time determined in accordance in accordance with Part 5 of Schedule 5.

25.2. Submission of information

- (a) The *reporting entity* for a *transitional compression facility* must nominate and register with AEMO one or more persons to be the Authorised Users of the *reporting entity* for the purposes of uploading information under this clause 5 to the *Bulletin Board*.
- (b) The *reporting entity* for a *transitional compression facility* must provide information and data to AEMO under this clause 5 in the manner and form as specified in the BB Data Submission Procedures published on the *Bulletin Board*.

25.3. Nameplate rating information

Item 5(2) of Part 5 of Schedule 5 requires each reporting entity to provide nameplate rating information to AEMO annually, by the date specified in these Procedures.

Item 5(3) of Part 5 of Schedule 5 requires a reporting entity for a transitional compression facility to update nameplate rating the information if there is a material change.

- (a) Each *reporting entity* must provide *nameplate rating* information under item 5(2) of Part B of Schedule 5 on registration and by 31 March of each year.
- (b) *Nameplate rating* information must take account of long term changes to the availability and performance of plant. For these purposes, **long term** means a period 12 months or more and a **material change** to a *nameplate rating* means a long term change that exceeds 10% of the current *nameplate rating*.

25.4. Short term capacity outlooks for transitional compression facilities

Item 8(1) of Part 5 of Schedule 5 requires each reporting entity to provide to AEMO a short term capacity outlook for each of its transitional compression facilities.

- (a) The *short term capacity outlook* provided under item 8(1) of Part 5 of Schedule 5 for a *transitional compression facility* must be specified in TJ/day and provided by 7 pm each day, subject to paragraph (f).
- (b) Each *short term capacity outlook* should take account of short term changes to the availability and performance of plant that is materially impacting or will materially impact daily capacity during the 7-day outlook period. For this purpose, a material impact on daily capacity means a change in daily capacity of 10% of the *nameplate rating*.
- (c) Each *reporting entity* must ensure that the *short term capacity outlook* for the next 7-day period published on the *Bulletin Board* reasonably reflects the *reporting entity's* knowledge of the plant capability and availability over that time.
- (d) The daily capacity for a *gas day* in a current *short term capacity outlook* may be updated before or after that *gas day* has commenced by uploading an updated file in the standard format. The *reporting entity* may provide the reason for the change in capacity by using the 'free text' field provided for in the transaction file or the web form.

- (e) A *reporting entity* is not required to provide a *short term capacity outlook* for a *transitional compression facility* on a day if the *reporting entity* considers the *short term capacity outlook* for that *transitional compression facility* is unchanged from the data included in the last *short term capacity outlook* provided by that *reporting entity* to AEMO for that *transitional compression facility*.
- (f) If the *reporting entity* does not provide the *short term capacity outlook* for its *transitional compression facility* on any day:
 - (i) the *short term capacity outlook* data for that *transitional compression facility* will be deemed to be unchanged for each of the *gas days* specified in the most recent *short term capacity outlook* data provided; and
 - (ii) for subsequent *gas days* the *short term capacity outlook* data will be deemed to be the same as the data for the last *gas day* included in the most recent *short term capacity outlook* provided to AEMO.

25.5. Linepack/capacity adequacy indicator

- (a) A *reporting entity* must provide to AEMO the *LCA flag* data under item 9 of Part 5 of Schedule 5 by 7 pm each day, subject to paragraph (d).
- (b) The *LCA flag* for a *transitional compression facility* must be categorised as green, amber or red as follows:
[Insert]
- (c) The *reporting entity* must provide the reason for the change in an *LCA flag* and must do so by using the 'free text' field provided for in the transaction file or the web form.
- (d) A *reporting entity* is not required to provide a 3-day LCA outlook in respect of its *transitional compression facility* if the *reporting entity* considers the 3-day LCA outlook is unchanged from the data included in the last 3-day LCA outlook provided to AEMO for that *transitional compression facility*.
- (e) If on a day the *reporting entity* does not provide a 3-day LCA outlook in respect of its *transitional compression facility* to AEMO by 7 pm on a day:
 - (i) the last 3-day LCA outlook provided for that BB pipeline will be deemed to be unchanged; and
 - (ii) the *LCA flag* for the subsequent *gas day* will be deemed to be the same as the *LCA flag* for D+2.

25.6. Nominated and forecast use of compression facilities

Item 10 of Part 5 of Schedule 5 requires information about nominations and forecasts relating to transitional compression facilities.

- (a) Information provided under item 10 of Part 5 of Schedule 5 must be in TJ/day.
- (b) Aggregate nominations or the forecast quantity of natural gas to be compressed for a *gas day* must be provided by no later than one hour after the start of the *gas day* for the relevant *transitional compression facility*.
- (c) The forecast quantity of natural gas to be compressed by the *transitional compression facility* must be provided no later than 7 pm on each day or as soon as practicable after the *reporting entity* has been provided with the required information by shippers, whichever is the later and may be provided to AEMO as soon as practicable after being received.
- (d) AEMO will publish on the *Bulletin Board* the aggregate nominations and the forecast quantities of natural gas to be compressed for up to the next 7 *gas days*. A *reporting entity* may provide that information to the *Bulletin Board* for a longer period if available.

- (e) The *reporting entity* must ensure that information it provides to AEMO under item 10 of Part 5 of Schedule 5 reflects the information provided by shippers.
- (f) If any of the information required under item 10 of Part 5 of Schedule 5 changes for the *transitional compression facility* for a *gas day* by 10% of *nameplate rating*, the *reporting entity* must provide updated information to AEMO as soon as practicable after it is received by the *reporting entity*.
- (g) The *reporting entity* may provide the reason for *material changes* if this is known by using the 'free text' field provided for in the transaction file or the web form.

25.7. Daily production data

The information provided under item 11 of Part 5 of Schedule 5 for a *gas day* must be provided in TJ/day by 12:00 pm on the following *gas day*.



SCHEDULE 1. CAPACITY TRANSFER AND AUCTION TIMETABLE – PRE 1 OCTOBER 2019

[To be completed based on Schedule 2 when settled.]

SCHEDULE 2. CAPACITY TRANSFER AND AUCTION TIMETABLE – FROM 1 OCTOBER 2019

S2.1 Introduction

This Schedule sets out the Capacity Transfer and Auction Timetable applicable from 1 October 2019. Table 1 is the timetable for the transfer of capacity purchased on the Gas Trading Exchange as a Day-Ahead Product (and for which the trading window will be D-1 from market open to 12:30 pm). Table 2 is the timetable for *capacity auction*. Table 3 is the timetable for the transfer of capacity purchased on the Gas Trading Exchange other than as a Day-Ahead Product (for which the trading window closes by D-2).

Where AEMO must notify an extension of time, it may at the same time notify the extensions to other activities affected by the delay.

Table 1: Timetable for day-ahead transfers of capacity purchased on the gas trading exchange

Ref	Activity	Time	Delayed time	Delay event (event triggers where delay time applicable)	Response where activity continues beyond delayed time
1	AEMO must send a day-ahead transfer notice to <i>facility operators</i> , for <i>gas day D</i>	D-1 13:00 (no later than)	D-1 14:00 (no later than)	AEMO is unable to send any day-ahead transfer notice. Note: This event does not include AEMO being unable to calculate transfer quantities on a net basis. If that occurs, the day-ahead transfer notice will specify transfers on a per-transaction basis.	For the affected transfers, transfer completion is not reached under the Exchange Agreement and a delivery failure or acceptance failure occurs for the purpose of that agreement.
2	<i>Facility operators</i> must validate transfers, transfer capacity that passes validation and send day-ahead transfer confirmation notices to AEMO, for <i>gas day D</i> . For transfers that have not been validated, a reason must be shown	D-1 14:00 (no later than)	D-1 15:00 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for activity 1.) AEMO has not extended the time for activity 1 and one or more <i>facility operators</i> fails to complete this activity. 	For the affected transfers, transfer completion is not reached under the Exchange Agreement and a delivery failure or acceptance failure occurs for the purpose of that agreement

Ref	Activity	Time	Delayed time	Delay event (event triggers where delay time applicable)	Response where activity continues beyond delayed time
3	AEMO must send day-ahead transfer confirmation reports to Gas Trading Exchange members relating to <i>gas day D</i> and AEMO must make DWGM adjustments	D-1 14:30 (no later than)	D-1 15:30 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for activity 1 or 2.) AEMO has not extended the time for activity 1 or 2 and AEMO is unable to complete this activity. 	<ul style="list-style-type: none">) For the affected transfers, transfer completion is not reached under the Exchange Agreement and a delivery failure or acceptance failure occurs for the purpose of that agreement.) AEMO must notify the relevant <i>facility operators</i>. The relevant <i>facility operators</i> must reverse affected transfers.
4	Nomination cut off time for <i>gas day D</i> (other than Auction Products) [Note to Draft: GMRG and AEMO are considering how this should be reflected in the Code]	D-1 15:00 (no earlier than)	D-1 16:00 (no earlier than)	AEMO has extended the time for activity 1, 2 or 3	Not applicable.

Table 2: Capacity Auction timetable

Ref	Activity	Time	Delayed time	Delay event (event triggers where delay time applicable)	Response where activity continues beyond delayed time
1	<i>Facility operators</i> to calculate and send to AEMO the auction quantity limits for <i>gas day D</i>	D-1 16:30 (no later than)	D-1 18:30 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for any activity under table 1.) AEMO has not extended the time for any activity under table 1 and either a <i>facility operator</i> does not complete this activity or AEMO is unable to accept the auction quantity limits sent by a <i>facility operator</i>. 	<p>If only one <i>facility operator</i> is affected, AEMO is to suspend the <i>auction facilities</i> from the <i>capacity auction</i> for <i>gas day D</i>.</p> <p>If more than one <i>facility operator</i> is affected, AEMO is to cancel the <i>capacity auction</i> for <i>gas day D</i>.</p>



Ref	Activity	Time	Delayed time	Delay event (event triggers where delay time applicable)	Response where activity continues beyond delayed time
2	AEMO publishes auction quantity limits	D-1 16:45 (no later than)	D-1 17:45 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for any activity under table 1 or activity 1.) AEMO has not extended the time for any activity under table 1 or activity 1 and AEMO does not complete this activity. 	AEMO to notify cancellation of the <i>capacity auction</i> for D.
3	Last time for the submission of bids in the <i>capacity auction</i> for gas day D	D-1 17:00 (no later than)	D-1 19:00 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for any activity under table 1 or activity 1 or 2.) AEMO has not extended the time for any activity under table 1 or activity 1 or 2 and AEMO is unable to receive or process bids. 	AEMO to notify cancellation of the <i>capacity auction</i> for gas day D
4	AEMO to run the <i>capacity auction</i> for gas day D (run the Auction Solver and determine auction results) and send auction results to <i>facility operators</i> for gas day D	D-1 17:30 (no later than)	D-1 19:30 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for any activity under table 1 or activity 1, 2 or 3.) AEMO has not extended the time for any activity under table 1 or activity 1, 2 or 3 and AEMO is unable to complete this activity (for example, system failure or Auction Solver does not run). 	AEMO to notify cancellation of the <i>capacity auction</i> for gas day D

Ref	Activity	Time	Delayed time	Delay event (event triggers where delay time applicable)	Response where activity continues beyond delayed time
5	Facility operators must validate auction results and give effect to auction results by increasing MDQ of winning bidders	D-1 18:30 (no later than)	D-1 20:30 (no later than)	AEMO has extended the time for any activity under table 1 or activity 1, 2, 3 or 4. Note: This activity does not include failure to pass validation.	Treated as a transfer failure for the purposes of RQ.
6	AEMO must transfer DWGM accreditation in accordance with auction results	D-1 18:30 (no later than)	D-1 20:30 (no later than)	AEMO has extended the time for any activity under table 1 or activity 1, 2, 3 or 4.	Treated as a transfer failure for the purposes of RQ.
7	Nomination cut-off time for capacity purchased at auction [Note to Draft: GMRG and AEMO are considering how this should be reflected in the Code]	D-1 18:45 (no earlier than)	D-1 20:45 (no later than)	AEMO has extended the time for any activity under table 1 or activity 1, 2, 3 or 4.	Not applicable.
8	Settlement cut-off time for capacity purchased at auction	14th Business Day after the end of the <i>billing period</i> in which D falls 09:00 (no later than)	Not applicable.	Facility operator unable to send revised NQ and RQ to AEMO by the settlement cut-off time.	Not applicable.

Table 3: Timetable for the transfer of capacity purchased on the gas trading exchange other than day-ahead transfers

Ref	Activity	Time on gas day d	Delayed time on gas day d	Delay event (event triggers where delay time applicable)	Response where activity continues beyond delayed time
1	AEMO must send a forward transfer notice to <i>facility operators</i> , covering <i>gas days</i> d+2 to d+14.	19:30 (no later than)	20:30 (no later than)	AEMO is unable to send a forward transfer notice. Note: This event does not include AEMO being unable to calculate transfer quantities on a net basis. If that occurs, the transfer notice will specify transfers on a per-transaction basis.	For the affected transfers, transfer completion is not reached under the Exchange Agreement and a delivery failure or acceptance failure occurs for the purpose of that agreement. This affects only <i>gas days</i> d+2 to d+14. Later days in the <i>service term</i> extending beyond <i>gas day</i> d+14 are not affected.
2	<i>Facility operators</i> must validate transfers, transfer capacity that passes validation and send transfer confirmation notices to AEMO, for each of <i>gas days</i> d+2 to d+14.	21:30 (no later than)	22:30 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for activity 1.) AEMO has not extended the time for activity 1 and one or more <i>facility operators</i> fails to complete this activity. 	For the affected transfers, transfer completion is not reached under the Exchange Agreement and a delivery failure or acceptance failure occurs for the purpose of that agreement. This affects only <i>gas days</i> d+2 to d+14. Later days in the <i>service term</i> extending beyond <i>gas day</i> d+14 are not affected.
3	AEMO must send forward transfer confirmation reports to Gas Trading Exchange members for <i>gas days</i> d+2 to d+14 and AEMO must make DWGM and STTM adjustments.	22:00 (no later than)	23:00 (no later than)	<ul style="list-style-type: none">) AEMO has extended the time for activity 1 or 2.) AEMO has not extended the time for activity 1 or 2 and AEMO is unable to complete this activity. 	<ul style="list-style-type: none">) For the affected transfers, transfer completion is not reached under the Exchange Agreement and a delivery failure or acceptance failure occurs for the purpose of that agreement. This affects only <i>gas days</i> d+2 to d+14. Later days in the <i>service term</i> extending beyond <i>gas day</i> d+14 are not affected.) AEMO must notify the affected <i>facility operators</i> and the <i>facility operators</i> must reverse affected transfers.

APPENDIX A. AUCTION AGREEMENT

PART 1 - FORMAL INSTRUMENT OF AGREEMENT

PARTIES

Australian Energy Market Operator Limited ABN 94 072 010 327 of Level 22, 530 Collins Street, Melbourne, Victoria 3000 ("**AEMO**")

and

[Company name] ABN [number] of [registered address] ("**Applicant**")

RECITALS

- A AEMO has established and operates the Capacity Auction under Part 25 of the National Gas Rules and the Auction Procedures.
- B The Applicant has applied to participate in the Capacity Auction.
- C This Agreement sets out the terms and conditions for the Applicant to participate in the Capacity Auction.

AGREEMENT

The Applicant and AEMO agree as follows:

1. Interpretation

- (a) This Agreement comprises the following parts:
 - (i) Part 1 - this formal instrument of agreement ("Formal Instrument"); and
 - (ii) Part 2 - the Auction Agreement Standard Terms in the Auction Procedures, as amended from time to time.
- (b) Capitalised words used in this Formal Instrument have the meaning given to them in the Auction Agreement Standard Terms unless otherwise defined in this Formal Instrument.
- (c) The rules of interpretation in the Auction Agreement Standard Terms apply to the interpretation of this Formal Instrument.
- (d) The Auction Agreement Standard Terms form part of, and are incorporated into, this Formal Instrument and together they form one agreement to which the Applicant and AEMO are a party. This Formal Instrument and the Auction Agreement Standard Terms must be read and construed as one document.
- (e) To the extent that there is any inconsistency between the Auction Agreement Standard Terms and this Formal Instrument, this Formal Instrument will prevail.

2. Agreement to be bound

The parties agreed to perform and be bound by the Auction Agreement Standard Terms as those terms may be amended, supplemented or replaced from time to time.

3. Other matters

- (a) The liability of each party with respect to any breach of this Formal Instrument or the Auction Agreement Standard Terms is governed by the Auction Agreement Standard Terms.
- (b) This Formal Instrument may be executed in any number of counterparts and by different parties on separate counterparts. Each counterpart when executed and delivered constitutes an original. All counterparts together constitute one and the same instrument.

EXECUTED as an agreement.

SIGNED for and on behalf of **Australian Energy Market Operator Limited** in the presence of:

Signature (Witness)

Signature

Print Name (Witness)

Print Name

Date:

Date:

SIGNED for and on behalf of **[Name of Applicant]** in the presence of:

Signature (Witness)

Signature

Print Name (Witness)

Print Name

Date:

Date:

Each person who executes this document under a power of attorney declares and warrants that the person is not aware of any fact or circumstance that might affect the person's authority to do so under that power of attorney.

PART 2 - AUCTION AGREEMENT STANDARD TERMS

A1 Definitions and interpretation

A1.1 Definitions

Capitalised words and phrases in these Auction Agreement Standard Terms are defined below unless specified otherwise.

AEMC means the Australian Energy Market Commission, which is established under section 5 of the Australian Energy Market Commission Establishment Act 2004 (SA).

AEMO means Australian Energy Market Operator Limited (ACN 072 010 327).

AER means the Australian Energy Regulator, which is established under section 44AE of the Competition and Consumer Act 2010 (Cth).

Agent Participant has the meaning given to it in the Auction Procedures.

Agreement means the agreement between AEMO and the Auction Participant comprising the Formal Instrument executed by the Auction Participant and AEMO and the Auction Agreement Standard Terms.

Appointing Participant has the meaning given to it in the Auction Procedures.

Auction Agreement Close-Out Amount means, at any time in relation to the Auction Participant, the aggregate amount calculated as owing to AEMO under this Agreement at that time (disregarding the set-off arrangements in this Agreement, where the Auction Participant is also a party to the Exchange Agreement).

Auction Agreement Standard Terms means the Auction Agreement Standard Terms in the Auction Procedures as maybe amended, supplemented or replaced from time to time.

Auction Fees has the meaning given to "auction fees" in Part 25 of the National Gas Rules.

Auction Participant means the party to this Agreement other than AEMO.

Auction Platform has the meaning given to it in the Auction Procedures.

Auction Procedures means the Auction Procedures as defined in Part 25 of the National Gas Rules, as amended from time to time.

Auction Product has meaning given to it in the Auction Procedures.

Auction Service has the same meaning as in the National Gas Rules.

Auction Settlement means the activity of billing and settlement of amounts payable in respect of the Capacity Auction.

Auction Settlement Amount for a Billing Period means the amount determined by AEMO under the Auction Procedures to be the amount payable by the Auction Participant in respect of the Billing Period including Auction Fees for the Billing Period and payment for Auction Products purchased in the Capacity Auction.

Auction Settlement Statement means a statement provided under clause A7.1.

Authority means any government, government department, instrumentality, Minister, agency, statutory authority or other body in which a government has a controlling interest and includes the AEMC, AEMO, the AER and their respective successors.

Billing Period means the period commencing at the start of the Gas Day starting on the first day of the month and ending at the end of the Gas Day starting on the last day of the month.

Business Day has the same meaning as in the National Gas Law.

Capacity Auction means the capacity auction established under Part 25 of the National Gas Rules.

Combined Revised Settlement Statement is defined in clause A8.2(b)(iii).

Combined Settlement Statement is defined in clause A8.2(b)(i).

Confidential Information is defined in clause A15.1.

Corporations Act means the Corporations Act 2001 (Cth).

Credit Exposure, for the Auction Participant at any time, means the amount of its actual or contingent liability calculated by AEMO under clause A6.8 or clause A9 (as applicable).

Credit Limit, for the Auction Participant at any time, means the amount calculated by AEMO under clause A6.8 or clause A9 (as applicable) by reference to the amount of the Auction Participant's Credit Support.

Credit Margin, for the Auction Participant at any time, means its Credit Limit less its Credit Exposure calculated under clause A6.8 or clause A9 (as applicable).

Credit Support means a security provided to AEMO in respect of the Auction Participant that meets the requirements of clause A6.2(c).

Credit Support Provider means a person that meets the requirements under clause A6.3 and A6.4 and is the issuing party that assumes obligations to AEMO pursuant to a Credit Support.

Default Event means any event which is defined as a default event in this Agreement (including clause A12.1) or the Auction Procedures.

Default Notice means a notice issued by AEMO under clause A12.2.

Disclosed Information means any information provided to the Auction Participant by or on behalf of AEMO in connection with this Agreement or the Capacity Auction.

Exchange Agreement means the Exchange Agreement made by AEMO under Part 22 of the National Gas Rules governing participation in and the operation of the gas trading exchange established by AEMO under that Part.

Exchange Participant means a person who is a Market Participant under the Exchange Agreement.

Facility Operator has the same meaning as in the National Gas Rules.

Force Majeure is defined in clause A18.1.

Formal Instrument means the formal instrument of agreement forming part of this Agreement under which the Auction Participant agrees to be bound by these Auction Agreement Standard Terms.

Gas Day has the meaning given to it in the National Gas Rules.

Intellectual Property Rights means any intellectual property rights and any industrial property rights throughout the world and includes rights in respect of or in connection with inventions (including patents), copyright, trade marks, service marks, designs and circuit layouts; trade, business, company or domain names; rights to have confidential information kept confidential; other proprietary rights; or rights to registration of such rights existing anywhere in the world.

Interest Rate has the same meaning as in the National Gas Rules.

Margin Call means a request issued by AEMO to the Auction Participant under clause A6.9 for the Auction Participant to bring its Credit Margin above a specified level.

Market Conduct Rules means the market conduct rules applicable to the Capacity Auction under the National Gas Rules.

National Gas Law means the National Gas Law as set out in the Schedule to the National Gas (South Australia) Act 2008 (SA).

National Gas Rules has the same meaning as in the National Gas Law.

Net Payment Amount is defined in clause A8.30 which is payable in circumstances where the Auction Participant is also an Exchange Participant.

Operational Transportation Services Agreement means an agreement between the Auction Participant and a Facility Operator for the provision and use of Auction Services.

Prepayment Balance means the credit balance of the Auction Participant recorded in AEMO's books of account on account of amounts prepaid by the Auction Participant under clause A6.7, as reduced by applications of that credit balance by AEMO from time to time in accordance with this Agreement.

Related Body Corporate has the meaning given to it in the Corporations Act.

Revised Auction Statement means a statement provided under clause A7.3.

Settlement Statement means an Auction Settlement Statement, Revised Auction Statement, Combined Settlement Statement or Combined Revised Settlement Statement, as the case requires.

A1.2 Headings

In this Agreement, any heading, index, table of contents or marginal note is for convenience only and does not affect the interpretation of this Agreement.

A1.3 General interpretation rules

In this Agreement, unless a contrary intention appears:

- (a) a reference to a clause, schedule or annexure is a reference to a clause, schedule or annexure to this Agreement;
- (b) a reference to this Agreement or another agreement or document includes that document as amended, varied, novated, supplemented or replaced from time to time;
- (c) a reference to legislation or a provision of legislation includes all regulations, orders or instruments issued under the legislation or provision; and any modification, consolidation, amendment, re-enactment, replacement or codification of such legislation or provision;
- (d) a reference to a person, corporation, trust, partnership, unincorporated body, government authority or other entity includes any of them;
- (e) a reference to a person includes that person's successors, substitutes and permitted assigns (and, where applicable, the person's legal personal representatives);
- (f) a reference to dollars or \$ is a reference to Australian dollars;
- (g) where a word or expression is defined or given meaning, another grammatical form has a corresponding meaning;
- (h) the singular includes the plural and vice versa;
- (i) a gender includes all other genders;
- (j) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (k) the word "includes" or "including" or "such as" are not words of limitation, and when introducing an example, do not limit the meaning of the words to which the example relates to examples of a similar kind;
- (l) if a party to this Agreement is made up of more than one person, an obligation of that party is a joint and several obligation of those persons, a right of that party is held by each of those persons separately, and any other reference to that party is a reference to each of those persons separately, so that (for example) a representation, warranty or undertaking is given by each of them separately; and
- (m) a provision of this Agreement shall not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement.

A1.4 Time and days

- (a) References in this Agreement to a time of day are to Australian Eastern Standard Time (and are not adjusted for daylight saving time in any jurisdiction).
- (b) In this Agreement, unless otherwise specified:
 - (i) a period of time expressed to commence before or after a given day, or before or after the day of an act or event, is to be calculated exclusive of that day; and
 - (ii) a period of time expressed to commence on a given day, or on the day of an act or event, is to be calculated inclusive of that day.

A1.5 Quantities

- (a) All references to units of measurement are references to the units of measurement defined in or for the purposes of the National Measurement Act 1960 (Cth).
- (b) All numerical information used and calculations made under this Agreement will be, as far as practical, to an accuracy of 4 decimal places, or such greater accuracy as may be necessary to ensure that financial calculations are correct to the nearest cent.

A1.6 Agent Participants

In relation to an Agent Participant and its Appointing Participants:

- (a) the Agent Participant will represent the Appointing Participants and will exercise the rights and perform the obligations of the Appointing Participants under and in connection with this Agreement as agent for the Appointing Participants;
- (b) each Appointing Participant's rights of access to and use of the Auction Platform must be the same as each other Appointing Participant and must only be exercised through its Agent Participant;
- (c) except as otherwise expressly provided in this Agreement, a reference to the Auction Participant includes a reference to the Agent Participant acting for and on behalf of the Appointing Participants;
- (d) the obligations of the Appointing Participants are joint and several obligations of those Appointing Participants, a right of an Appointing Participant is held by each of those Appointing Participants separately, and any other reference to that Appointing Participant is a reference to each of the Appointing Participants separately, so that (for example) a representation, warranty or undertaking is given by each of them separately;
- (e) all acts and omissions of the Agent Participant under or in connection with this Agreement are taken to be acts and omissions of all the Appointing Participants;
- (f) payment or delivery to or other performance in favour of the Agent Participant under or in connection with this Agreement is taken to be payment or delivery to or other performance in favour of its Appointing Participants; and
- (g) no party to this Agreement is required to inquire into the scope of the authority of the Agent Participant and each Appointing Participant is bound by and will ratify all acts and omissions of the Agent Participant under or in connection with this Agreement.

A2 Participation in the Capacity Auction

A2.1 Terms of participation

- (a) The Auction Participant agrees that it will:
 - (i) participate in the Capacity Auction in accordance with the Auction Procedures and on the terms and conditions of this Agreement; and

- (ii) pay AEMO for any Auction Product allocated to the Auction Participant in the Capacity Auction on the terms of this Agreement.
- (b) The Auction Participant acknowledges and agrees that AEMO will:
 - (i) conduct the Capacity Auction in accordance with the Auction Procedures and this Agreement;
 - (ii) notify the results of the Capacity Auction to Facility Operators in accordance with the Auction Procedures and the National Gas Rules; and
 - (iii) receive payment from the Auction Participant and make payments to Facility Operators in connection with the Capacity Auction, in each case as principal, and not as agent for the Auction Participant or any Facility Operator.

A2.2 Use of Auction Services

The Auction Participant acknowledges and agrees that:

- (a) the provision and use of the Auction Service represented by the Auction Product purchased in the Capacity Auction is a matter between the Auction Participant and the Facility Operator that provides the Auction Service;
- (b) AEMO is not responsible for, and has no liability in respect of, the provision or use of the Auction Service represented by any Auction Product purchased in the Capacity Auction;
- (c) AEMO makes no representation or warranty as to the availability, fitness for purpose or otherwise of any Auction Product or Auction Service;
- (d) the Auction Participant (and not AEMO) is responsible for ensuring that the Auction Participant has an Operational Transportation Service Agreement with each Facility Operator who provides the Auction Service represented by the Auction Product purchased in the Capacity Auction;
- (e) to the extent that the Auction Participant does not have an agreement with the relevant Facility Operator mentioned in clause A2.2(d), the relevant Facility Operator may decline to provide the Auction Service represented by the Auction Product purchased in the Capacity Auction; and
- (f) the Auction Participant is not relieved of any of its payments obligations to AEMO in relation to the Capacity Auction in the circumstances mentioned in clause A2.2(e) or by reason of any other act or omission of any Facility Operator or any other person, except as expressly provided for in the Auction Procedures.

A2.3 Eligibility

- (a) To be eligible (and to remain eligible) to access the Auction Platform and participate in the Capacity Auction, the Auction Participant must meet and continue to satisfy the criteria specified in the Auction Procedures.
- (b) The Auction Participant must give information to AEMO on request to verify that it continues to satisfy the eligibility criteria specified in the Auction Procedures.
- (c) The Auction Participant must notify AEMO immediately if it ceases to satisfy the eligibility criteria specified in the Auction Procedures.
- (d) In this clause A2.3, a reference to the Auction Participant does not include a reference to the Agent Participant for an Appointing Participant.

A2.4 Market Conduct

- (a) The National Gas Rules contains Market Conduct Rules applicable to the Auction Participant in relation to its participation in the Capacity Auction.

- (b) If AEMO has reasonable grounds to believe that any act or omission of the Auction Participant on or in relation to the Auction Platform breaches the Market Conduct Rules, then AEMO may do any one or more of the following:
 - (i) raise the matter with the Auction Participant and, if it is satisfied with the Auction Participant's response, take no further action, or take no further action subject to the Auction Participant complying with conditions agreed between AEMO and the Auction Participant; or
 - (ii) refer the conduct to the AER.

A2.5 Termination of the Capacity Auction

- (a) AEMO may terminate this Agreement on not less than 30 days' notice to the Auction Participant if the Auction Platform ceases permanently to operate.
- (b) The termination of this Agreement under clause A2.5(a) takes effect at the time specified by notice from AEMO to the Auction Participant (which may be given after the notice of termination under clause A2.5(a)). AEMO is not required to give such a notice until it is reasonably satisfied that:
 - (i) all liability accrued under this Agreement in respect of the Auction Participant has been satisfied; and
 - (ii) the Auction Participant has executed all documents reasonably required by AEMO to give effect to that termination, as notified by AEMO to the Auction Participant.
- (c) The termination of this Agreement under clause A2.5 does not entitle the Auction Participant to any payment under this Agreement.

A2.6 Effect of termination

The termination of this Agreement under clause A2.5 or otherwise does not affect:

- (a) the rights of a party to recover an amount, or the obligation of a party to pay an amount, that became payable prior to the date of termination or expiration;
- (b) any rights of a party that otherwise relate to, or may arise in the future from, any breach or non-observance of obligations under this Agreement; or
- (c) the operation of this clause and clauses A11 (dispute resolution), A15 (confidentiality), A17 (liability) and A20.2 to A20.10 (miscellaneous).

A3 Auction Participant Representatives

A3.1 Auction Participant to Nominate Representatives

- (a) The Auction Participant must nominate one or more individuals within its organisation (or that of the Agent Participant, in the case of Appointing Participants) to fulfil the roles required under the Auction Procedures in connection with the Auction Participant's participation in the Capacity Auction, on behalf of the Auction Participant. Appointing Participants must make joint nominations of the same person for each role and may do so through their Agent Participant.
- (b) Nominations must be in the form and include the information specified by AEMO in the Auction Procedures.
- (c) Each Auction Participant is responsible for keeping the information about its representatives up to date and notifying AEMO promptly if there is any change to those details.
- (d) The Auction Participant warrants in favour of AEMO that its representatives nominated under this clause are authorised to act on behalf of the Auction Participant.

- (e) The Auction Participant warrants in favour of AEMO that each of the Auction Participant's representatives has consented to the use and disclosure of the representative's personal information for the purposes contemplated under this Agreement.

A3.2 Authorised user identities

- (a) The Auction Participant must give information to AEMO as reasonably required to enable separate authorised user identities and direct contact details to be established for each of its representatives.
- (b) Each authorised user identity is defined by reference to a single user name and password.
- (c) The Auction Participant is responsible for ensuring the security of each authorised user identity created for it such that the authorised user identity is only used by the relevant representative.

A4 Auction Platform

A4.1 Access to Auction Platform

- (a) Subject to this Agreement, AEMO will give the Auction Participant access to the Auction Platform to the extent required for the purpose of participating in the Capacity Auction.
- (b) AEMO may suspend the Auction Participant's access to the Auction Platform if a Suspension Event or a Default Event occurs in relation to the Auction Participant.
- (c) The Auction Participant's right of access to and use of the Auction Platform terminates on termination of this Agreement.

A5 Auction Fees

- (a) The Auction Participant must pay the Auction Fees specified and published by AEMO from time to time.
- (b) The Auction Fees may include:
 - (i) an application fee;
 - (ii) a fee payable upon the acceptance of an application;
 - (iii) annual fees for participation in the Capacity Auction;
 - (iv) a fee for purchases in the Capacity Auction; and
 - (v) ad hoc fees for services provided by AEMO to the Auction Participant from time to time, including training, assistance or advice in relation to access to and use of the Auction Platform.
- (c) Auction Fees are payable at the times specified and published by AEMO from time to time.

A6 Prudential Requirements

A6.1 Confidentiality

Information about the Credit Support, Credit Exposure, Credit Limit and Credit Margin of the Auction Participant is Confidential Information.

A6.2 Auction Participant obligations

- (a) If the Auction Participant is not eligible to be a Credit Support Provider, the Auction Participant must provide and at all times maintain Credit Support for the amount and forward period required to ensure that its Credit Margin does not fall below zero.
- (b) The Auction Participant is responsible for ensuring that its Credit Margin does not reduce below zero and must not submit a bid that, if accepted or registered, would result in its Credit Margin being less than zero.
- (c) Any Credit Support provided under this Agreement must:
 - (i) be an unconditional bank guarantee in a form specified by AEMO;
 - (ii) be duly executed and delivered unconditionally to AEMO by an entity satisfying the requirements in clause A6.3 and A6.4 for Credit Support Providers; and
 - (iii) subject to clause A6.2(d), constitute valid and binding unsubordinated obligations of the Credit Support Provider to pay AEMO amounts, in accordance with its terms, relating to the obligations of the Auction Participant under this Agreement.
- (d) At any time that the Auction Participant is also an Exchange Participant, any Credit Support provided under this Agreement must (in addition to satisfying clause A6.2(c)(i) and A6.2(c)(ii)) constitute valid and binding unsubordinated obligations of the Credit Support Provider to pay AEMO amounts, in accordance with its term, relating to the obligations of the Auction Participant under this Agreement and the Exchange Agreement.

[Note to Draft: The terms of existing credit support documentation will need to be amended to allow for the support to be applied to either market.]

A6.3 Credit Support Provider

A Credit Support Provider must:

- (a) be either:
 - (i) an entity under the prudential supervision of the Australian Prudential Regulation Authority; or
 - (ii) a central borrowing authority of an Australian State or Territory or the Commonwealth which has been established by an Act of Parliament of that jurisdiction;
- (b) be resident in, or have a permanent establishment in, Australia;
- (c) not be an externally-administered body corporate (as defined in the Corporations Act) or under a similar form of administration under any laws applicable to it in any jurisdiction;
- (d) not be immune from liabilities incurred under this Agreement or any Credit Support; and
- (e) be capable of being sued in its own name in a court of competent jurisdiction.

A6.4 Minimum credit rating

A Credit Support Provider must have a credit rating of:

- (a) A-1 or higher for short term unsecured counterparty obligations of the entity, as rated by Standard & Poor's (Australia) Pty Ltd;
- (b) P-1 or higher for short term unsecured counterparty obligations of the entity, as rated by Moody's Investor Services Pty Ltd; or
- (c) some other acceptable credit rating determined by AEMO.

A6.5 Replacement and return of Credit Support

- (a) Within 24 hours of becoming aware that its existing Credit Support ceases to meet all the requirements of clause A6.2, the Auction Participant must deliver to AEMO a replacement or additional Credit Support sufficient to ensure that the Auction Participant complies with its obligations under that clause.
- (b) The Auction Participant may deliver a replacement Credit Support to AEMO at any other time.
- (c) AEMO must return any unexpired and undrawn Credit Support to the Credit Support Provider on request, provided that AEMO will continue to hold Credit Support in respect of the Auction Participant that meets the requirements of this clause A6.5 and takes effect on or before the return date.
- (d) AEMO must return any unexpired and undrawn Credit Support to the relevant Credit Support Provider immediately after the termination of this Agreement takes effect under clause A2.5(b).

A6.6 Drawdown of Credit Support

- (a) AEMO may, at any time after the occurrence of a Default Event in respect of the Auction Participant and while that Default Event is subsisting, exercise its rights to draw down any amount under a Credit Support relating to the Auction Participant and apply it against any amount actually or contingently owing to AEMO under this Agreement or (if the Auction Participant is also an Exchange Participant) the Exchange Agreement.
- (b) AEMO must inform the Auction Participant if AEMO exercises its rights to draw down any amount under a Credit Support.

A6.7 Prepayments

- (a) Subject to this clause, the Auction Participant may at any time pay a cash amount to AEMO as a prepayment of amounts which may become payable under this Agreement or (if the Auction Participant is also an Exchange Participant) the Exchange Agreement.
- (b) AEMO must record amounts prepaid by the Auction Participant as a credit balance in respect of the Auction Participant in AEMO's books of account.
- (c) The Auction Participant's Prepayment Balance must not exceed the greater of:
 - (i) \$100,000; and **[Note to Draft: Amount to be confirmed]**
 - (ii) an amount equal to that Auction Participant's Credit Limit.
- (d) AEMO may apply the Auction Participant's Prepayment Balance by setting off all or part of that amount against any future amounts owing by that Auction Participant to AEMO under this Agreement or (if the Auction Participant is also an Exchange Participant) the Exchange Agreement.
- (e) AEMO may deduct any liabilities or expenses incurred by AEMO in receiving, maintaining or applying prepayments on behalf of the Auction Participant from the Auction Participant's Prepayment Balance.
- (f) If the Auction Participant has a remaining Prepayment Balance immediately after the termination of this Agreement takes effect under clause A2.5(b), AEMO must pay to that Auction Participant an amount equal to that balance. **[Note to Draft: Prepayment / cash security mechanism for the Capacity Auction is currently under consideration by AEMO]**

A6.8 Calculation of prudential amounts for Auction Participant

- (a) If the Auction Participant is eligible to be a Credit Support Provider, the Auction Participant will not have a Credit Limit or a Credit Margin.

- (b) AEMO must calculate the Credit Limit, Credit Exposure and Credit Margin for the Auction Participant at least once each Business Day and make the calculations available to the Auction Participant.
- (c) Subject to clause A9:
 - (i) the **Credit Limit** of the Auction Participant at any time is an amount equal to the amount of the Auction Participant's current valid and undrawn Credit Support, provided that any Credit Support having an expiry date of less than 10 Business Days from the date of calculation must be disregarded;
 - (ii) the **Credit Exposure** of the Auction Participant at any time is the amount calculated by AEMO in accordance with the Auction Procedures, reflecting a reasonable estimate of the maximum net aggregate amount actually or contingently owing to AEMO under this Agreement or under the National Gas Rules in relation to the Capacity Auction at that time, less the Auction Participant's Prepayment Balance (if any); and
 - (iii) the **Credit Margin** of the Auction Participant at any time is an amount equal to its Credit Limit less its Credit Exposure.

A6.9 Credit Margin requirements

- (a) If at any time the Credit Margin of the Auction Participant is less than zero, the Auction Participant:
 - (i) must not submit any further bids; and
 - (ii) may provide Credit Support or make a prepayment in cleared funds to AEMO under clause A6.7 to increase its Credit Margin.
- (b) If the Credit Margin remains below zero for 2 consecutive Business Days, AEMO will issue a Margin Call by notice to the Auction Participant. If the Auction Participant is also an Exchange Participant, a single Margin Call may be made under this Agreement and the Exchange Agreement.
- (c) If the Auction Participant receives a Margin Call, the Auction Participant must, by the applicable time under clause A6.9(d):
 - (i) deliver additional Credit Support to AEMO; and/or
 - (ii) make a prepayment in cleared funds to AEMO under clause A6.7,so that the Credit Exposure of the Auction Participant immediately after taking that action is not more than 80% of its Credit Limit.
- (d) The Auction Participant must comply with clause A6.9(c) by 12:00 noon 2 Business Days after the Margin Call was issued.
- (e) If a Margin Call was not issued on a Business Day, or was issued after 2:00pm on a Business Day, it is taken to have been issued at 9:00am on the next Business Day.

A7 Auction Settlements

A7.1 Auction Settlement Statements

- (a) For the purposes of preparing Auction Settlement Statements, the cut-off time for Auction Participants to provide AEMO with information relating to obligations performed under the Capacity Auction in a Billing Period is 9:00am on the 14th Business Day after the end of that Billing Period.
- (b) By the 15th Business Day after the end of each Billing Period, AEMO must make available to the Auction Participant an Auction Settlement Statement stating the Auction Settlement Amount for the Billing Period payable by or to the Auction Participant on the payment date for that Statement, adjusted by:

- (i) any adjustments payable under clause A7.5 in respect of a previous Billing Period; and
 - (ii) the application of the Auction Participant's Prepayment Balance (if any).
- (c) Each Auction Settlement Statement must be accompanied by supporting data that is sufficient to enable each Auction Participant to audit the calculation of the net amount payable.
- (d) If the net amount payable by or to an Auction Participant for a Billing Period is less than \$10, that amount is taken to be zero (that is, no payment is to be made by or to AEMO).

A7.2 Payment of Auction Amounts

By 12 noon on the 17th Business Day after the end of a Billing Period or 12 noon on the 2nd Business Day after an Auction Settlement Statement is made available under clause A7.1, whichever is the later, the Auction Participant must pay to AEMO in cleared funds the net amount stated to be payable to AEMO by that participant in its Auction Settlement Statement, whether or not the Auction Participant disputes the amount payable.

A7.3 Revised Auction Statements

- (a) The Auction Participant may notify AEMO of a query concerning the amount payable in an Auction Settlement Statement before 9:00am on the 1st Business Day of the 4th Billing Period after the end of the Billing Period for the Auction Settlement Statement and AEMO and the Auction Participant must each use reasonable endeavours to resolve that query before that cut-off time.
- (b) By the 2nd Business Day of the 4th Billing Period after each Billing Period, AEMO must make available to each Auction Participant a Revised Auction Statement in respect of that Billing Period, taking into account the outcome of any disputes resolved in respect of the Auction Settlement Statement for that Billing Period.
- (c) Each Revised Auction Statement (including any further Revised Auction Statement issued under clause A7.4) must:
- (i) set out the revised amounts payable by or to the Auction Participant for the relevant Billing Period;
 - (ii) set out the amount of the adjustment to the net amount payable under the Auction Settlement Statement for that Billing Period, plus interest at the Interest Rate, calculated as simple interest on a daily basis, for the period commencing on the day after the payment date for that Settlement Statement and ending on the payment date applicable to the Revised Auction Statement, but taking into account any adjustments previously made as a result of an earlier Revised Auction Statement for the same Billing Period; and
 - (iii) include supporting data that is sufficient to enable the Auction Participant to audit the calculation of any adjustment to its net amount payable.

A7.4 Disputes on Revised Statements

- (a) A dispute in respect of the net amount payable for a Billing Period after adjustment in accordance with a Revised Auction Statement:
- (i) may only be raised on the basis that AEMO has made an error in calculation or has not used the correct information validly provided to it in accordance with this agreement; and
 - (ii) must be notified by the Auction Participant to AEMO under clause A14 within 30 Business Days after the date on which AEMO made the Revised Auction Statement available to the Auction Participant.

- (b) If a dispute under this clause is resolved in a way that causes the adjusted net amount payable for a Billing Period to differ from the amount calculated under the disputed Revised Auction Statement, AEMO must, within 5 Business Days of the resolution of that dispute, make a further Revised Auction Statement available to the Auction Participant.

A7.5 Payment of adjustments

- (a) Payment of an adjustment under a Revised Statement is due on the next payment date determined under clause A7.2 which occurs 10 or more Business Days after the date on which that Revised Auction Statement is made available to the Auction Participant.
- (b) AEMO must apply the adjustment to the amount stated to be payable to or by the Auction Participant in respect of the relevant Auction Settlement Statement on the payment date, and for the avoidance of doubt clause A7.2 applies to the payment of adjustments.

A8 Joint settlement with the Exchange Agreement

[Note to Draft: Joint settlement arrangements are currently under consideration by AEMO]

A8.1 Application

- (a) This clause A8 applies if the Auction Participant is also an Exchange Participant.
- (b) To the extent that there is any inconsistency between this clause A8 and the Exchange Agreement or any other provision of this Agreement, this clause A8 prevails.

A8.2 Combined Settlement Statement

- (a) In respect of any Billing Period during which the Auction Participant is also a party to the Exchange Agreement, AEMO must issue a single set of settlement statements covering amounts owed by or to the Auction Participant under this Agreement and the Exchange Agreement and those amounts will be subject to netting and must be paid as provided for in this clause A8.
- (b) Settlement statements will be combined as follows:
 - (i) AEMO must issue a single statement which separately sets out the details of the Auction Settlement Statement required to be issued by AEMO under clause A7.1 for the Billing Period and the details of the Final Statement (as defined in the Exchange Agreement) for the Billing Period required to be issued by AEMO to the Auction Participant under the Exchange Agreement (a **Combined Settlement Statement**);
 - (ii) for each Combined Settlement Statement, AEMO must determine the net amount payable by or to the Auction Participant after netting under clause A8.3;
 - (iii) AEMO must issue a single statement which separately sets out the details of the Revised Auction Statement required to be issued by AEMO under clause A7.3 and the details of the Revised Statement (as defined in the Exchange Agreement) for the Billing Period required to be issued by AEMO to the Auction Participant under the Exchange Agreement (a **Combined Revised Settlement Statement**); and
 - (iv) for each revised Combined Revised Settlement Statement, AEMO must determine the net amount payable by or to the Auction Participant after netting under clause A8.3.

A8.3 Payment netting

- (a) If, in respect any Billing Period during which the Auction Participant is also a party to the Exchange Agreement, amounts would (but for this clause A8) be payable:
 - (i) by one party (the **first party**) to the other (the **second party**) under the Exchange Agreement (after allowing for netting as provided for in the Exchange Agreement); and

- (ii) by the second party to the first party under this Agreement,
then the obligations of AEMO and the Auction Participant respectively to make payment of the relevant amount for the Billing Period will be automatically set off such that the obligations are replaced by an obligation upon the party by which the larger amount would otherwise have been payable to pay to the other party the amount by which the larger amount exceeds the smaller amount (**Net Payment Amount**).
- (b) The failure to pay a Net Payment Amount shall be deemed to be a failure to pay an amount owed under both this Agreement and the Exchange Agreement and the party the Net Payment Amount is owed to has all the rights and remedies which apply to the failure to pay according to the terms of this Agreement and the Exchange Agreement.
- (c) The scope of this clause A8.3 is limited to payments owed between the parties under this Agreement and the Exchange Agreement in the ordinary course and absent any Close-Out under those agreements.
- (d) Nothing in this clause A8.3 amends, overrides, restates or otherwise alters any of the provisions of the Exchange Agreement or this Agreement concerning Close-Out and the accrual and obligation to make, or the mechanics provided in this Agreement for the payment of, a Final Net Settlement Amount.

A8.4 Payment of net amount

- (a) By 12 noon on the 17th Business Day after the end of a Billing Period or 12 noon on the 2nd Business Day after a Combined Settlement Statement is made available under clause A8.2, whichever is the later, the Auction Participant must pay to AEMO in cleared funds the net amount stated to be payable to AEMO by the Auction Participant in the Combined Settlement Statement, whether or not the Auction Participant disputes the amount payable.
- (b) By 2:00pm on the payment date under clause A8.4(a), AEMO must pay to the Auction Participant in cleared funds the net amount stated to be payable to that participant in the Combined Settlement Statement, if at that time the maximum total payment determined under the Auction Procedures is not less than the aggregate of the net amounts payable to all Auction Participants.
- (c) If the maximum total payment determined under the Auction Procedures as at 2:00pm on the payment date under clause A8.4(a) is less than the aggregate of those net amounts, AEMO must pay the Auction Participant the reduced amount determined under the Auction Procedures by 4:00pm on the same date.
- (d) If AEMO receives payments in respect of Final Statements (as defined in the Exchange Agreement) from Relevant Participants (as defined in the Auction Procedures) after 2:00pm on the payment date under clause A8.4(a), AEMO will pay the sum of those payments received (including amounts received in respect of interest) as soon as reasonably practicable to those Relevant Participants whose Net Payment Amounts were reduced under the Auction Procedures, in the proportions in which those amounts were reduced.

A9 Joint Credit Support

- (a) At any time the Auction Participant is also an Exchange Participant:
 - (i) the **Credit Limit** of the Auction Participant at that time is an amount equal to the amount of the Auction Participant's current valid and undrawn Credit Support provided under this Agreement or the Exchange Agreement, provided that any Credit Support having an expiry date of less than 10 Business Days from the date of calculation must be disregarded; and
 - (ii) the **Credit Exposure** of the Auction Participant at that time is:
 - (A) the amount calculated by AEMO, in accordance with the Auction Procedures, reflecting a reasonable estimate of the maximum net aggregate

- amount actually or contingently owing to AEMO under this Agreement or under the National Gas Rules in relation to the Capacity Auction at that time; plus
- (B) the amount calculated by AEMO in accordance with the Settlements and Prudential Methodology (as defined in the Exchange Agreement), reflecting a reasonable estimate of the maximum net aggregate amount actually or contingently owing to AEMO under the Exchange Agreement and the National Gas Rules in relation to the Exchange (as defined in the Exchange Agreement) at that time; less
 - (C) the Auction Participant's Prepayment Balance (if any).
- (b) If a Final Net Settlement Amount is payable to AEMO and AEMO has the benefit of Credit Support and/or if there is a Prepayment Balance in respect of the Auction Participant, then AEMO is entitled to apply the Credit Support and/or Prepayment Balance (as applicable) against the Final Net Settlement Amount.

A10 Other matters relating to Auction Settlements

A10.1 Settlement Facilities

- (a) Subject to clause A10.1(b), AEMO and the Auction Participant must use the electronic cash transfer system designated by AEMO for the payment of amounts under this Agreement.
- (b) AEMO must ensure that an electronic funds transfer facility is made available to the Auction Participant and AEMO for use:
 - (i) if the designated electronic cash transfer system is not available for Auction Settlement; or
 - (ii) where agreed or determined by AEMO for the payment of ad hoc amounts under this Agreement between AEMO and the Auction Participant.
- (c) AEMO and each Auction Participant must submit any matching receipt details required to enable another party to make a payment under this Agreement through the designated electronic cash transfer system.

A10.2 Late payment

- (a) An Auction Participant must pay interest on any unpaid moneys due and payable by it under this Agreement at the Interest Rate, calculated as simple interest on a daily basis, for the period commencing on the date payment was due and ending on the date payment is made.
- (b) Any payment received or applied by AEMO in respect of an Auction Participant for a Billing Period is taken to be made, and may be applied by AEMO, in satisfaction of the Auction Fees payable to AEMO by that Auction Participant (as specified in the relevant final or Revised Statement issued to that Auction Participant) before it is applied by AEMO in satisfaction of any other obligation or liability.

A10.3 Amounts in dispute

If a dispute under this Agreement or the Exchange Agreement is resolved in a way that causes the adjusted net amount payable for a Billing Period to differ from the amount calculated under a Settlement Statement, AEMO must, within 5 Business Days of the resolution of the dispute, issue a Revised Statement or Revised Combined Statement (as applicable) to give effect to the adjustment.

A10.4 Application of GST

- (a) In this clause, the terms “adjustment event”, “GST”, “GST law”, “recipient”, “recipient created tax invoice”, “supply”, “supplier”, “tax invoice” and “taxable supply” have the meanings given to them in the A New Tax System (Goods and Services) Tax Act 1999 of the Commonwealth (**GST Act**).
- (b) All monetary amounts payable determined, published or notified under, or referred to in, this Agreement (including Auction Fees) exclude GST.
- (c) A statement or invoice issued in relation to a taxable supply made under or in connection with this agreement must set out the amount of GST in respect of that supply.
- (d) If a party (**the supplier**) is required to pay GST in respect of a supply made under or in connection with (including by reason of a breach of) this Agreement, the recipient must (in addition to any other payment for, or in connection with, the supply) pay to the supplier an amount equal to such GST (**GST gross-up**). Notwithstanding any other clause in this agreement, GST is only payable subject to the provision of a valid tax invoice or recipient created tax invoice (as applicable).
- (e) AEMO and the Auction Participant must be and remain registered for GST.
- (f) If a GST gross-up is payable, then:
 - (i) AEMO will issue a recipient created tax invoice to the Auction Participant where it is treated under GST law as making a supply to AEMO;
 - (ii) subject to the recipient created tax invoice agreement between AEMO and the Auction Participant, the supplier must give the recipient a tax invoice for the supply (including when AEMO is treated under GST law as making a supply); and
 - (iii) a tax invoice or recipient created tax invoice issued by AEMO may be in the form of a Settlement Statement.
- (g) If any payment to be made to a party under or in connection with this Agreement is a reimbursement or indemnification of an expense or other liability incurred or to be incurred by that party, then the amount of the payment must be reduced by the amount of any input tax credit to which that party is entitled for that expense or other liability, such reduction to be effected before any GST gross-up.
- (h) If an adjustment event has occurred in respect of a supply made under or in connection with this Agreement and is not otherwise taken into account in the calculation of Settlement Statements, any party that becomes aware of the occurrence of that adjustment event must notify AEMO (or in the case of AEMO, the affected parties) as soon as practicable, and the parties agree to take whatever steps are necessary (including to issue an adjustment note), and to make whatever adjustments are required, to ensure that any GST or additional GST on that supply, or any refund of GST, is paid no later than 20 Business Days after the supplier first becomes aware that the adjustment event has occurred.

A11 Suspension

A11.1 Definitions

- (a) In this clause:
 - (i) **Auction Product** has the meaning given to it in the Auction Procedures;
 - (ii) **Trading Halt** means a suspension by AEMO of the Auction Participant’s access to or use of the Auction Platform.
- (b) Each of the following events is a **Suspension Event** in relation to the Auction Participant:
 - (i) AEMO has issued a Margin Call to the Auction Participant which remains outstanding;

- (ii) there has been a material breach by the Auction Participant of any provision of this Agreement or of the Auction Procedures which AEMO has by notice to the Auction Participant required the Auction Participant to remedy and which remains unremedied at the expiry of the period specified in the notice (being not shorter than 2 Business Days); or
- (iii) a Default Event has occurred in relation to the Auction Participant and is subsisting; or
- (iv) AEMO has reasonable grounds to believe the Auction Participant no longer satisfies the eligibility criteria specified in the Auction Procedures or to acquire an Auction Product, and the Auction Participant has failed to give AEMO information to verify its continued eligibility within 2 Business Days of AEMO requesting that information from the Auction Participant.

A11.1.1 Trading Halt

- (a) AEMO may impose a Trading Halt on the Auction Participant by suspending or limiting the Auction Participant's access to or use of the Auction Platform:
 - (i) if a Suspension Event has occurred in relation to the Auction Participant;
 - (ii) under another provision of this Agreement or the Auction Procedures that allows AEMO to suspend or limit the Auction Participant's access to the Auction Platform;
 - (iii) at the request of the AER in connection with any investigation of an alleged breach of the Market Conduct Rules;
 - (iv) in order to comply with an order or instruction from any other Authority; or
 - (v) the Auction Participant is in breach of any provision of the Law or the NGR.
- (b) In determining whether to impose a Trading Halt, AEMO must consider whether there is an increased risk to the other Auction Participants of default or disruption arising from the continued participation of the Auction Participant and the extent to which a Trading Halt may mitigate that risk, having regard to all relevant circumstances including:
 - (i) the cause, severity and effect of any applicable Suspension Event;
 - (ii) the steps taken by the Auction Participant to remedy the event or circumstances and to prevent reoccurrence;
 - (iii) the availability and effectiveness of any other available measures (such as a recalculation of Credit Exposure) to mitigate any increased risk.
- (c) As far as reasonably practicable, the extent of a suspension should be commensurate with the nature and extent of the matter giving rise to the suspension.
- (d) AEMO must notify the Auction Participant before, or as soon as reasonably practicable after, imposing a Trading Halt or varying the extent of the related suspension, specifying:
 - (i) the reason for the Trading Halt;
 - (ii) the extent of the suspension, including the Auction Product or Auction Products in respect of which the suspension applies; and
 - (iii) the commencement time of the Trading Halt.
- (e) Except in circumstances where AEMO has issued a termination notice under this Agreement while the Auction Participant is subject to a Trading Halt, AEMO must permit the Auction Participant to resume access to and use of the Auction Platform as soon as reasonably practicable after AEMO is reasonably satisfied that:
 - (i) the circumstances giving rise to the Trading Halt no longer apply; or
 - (ii) the circumstances, acts or omissions giving rise to the Trading Halt do not warrant continued suspension, and the Auction Participant has made reasonable

arrangements to ensure that similar circumstances, acts or omissions will not reoccur.

- (f) AEMO must notify the Auction Participant of the date and time at which a Trading Halt ends.

A11.1.2 Effect of Trading Halt

- (a) During a Trading Halt, access to and use of the Auction Platform by the Auction Participant that is subject to the Trading Halt may be suspended in whole or in part, and AEMO may vary the extent of the suspension at any time having regard to subsequent events or circumstances.
- (b) AEMO may withdraw or cancel any bid submitted by the Auction Participant while it is subject to a Trading Halt, whether the bid was submitted before or after the Trading Halt commenced.
- (c) The Auction Participant must while it is subject to a Trading Halt continue to perform its obligations under this Agreement (including its obligations with respect to payment).

A12 Default and termination

A12.1 Default events

- (a) Each of the following is a **Default Event** under this Agreement:
 - (i) the Auction Participant does not pay an amount due for payment by it to AEMO under this Agreement, or fails to comply with a Margin Call in accordance with clause A6.9(c), by the appointed time on the due date;
 - (ii) AEMO does not receive payment in full of any amount claimed by AEMO under any Credit Support in respect of the Auction Participant, within 90 minutes after the due time for payment of that claim;
 - (iii) the Auction Participant admits to the AER that it has breached, or is declared by a court to have breached, the Market Conduct Rules, and AEMO reasonably considers that:
 - (A) the breach is ongoing and is likely to have a material adverse effect on the Capacity Auction; and
 - (B) the Auction Participant is unlikely to remedy or remove the circumstances leading to that breach within a reasonable period of time;
 - (iv) the Auction Participant ceases to meet the criteria for registration under the Auction Procedures;
 - (v) a representation made or repeated or deemed to have been made or repeated by the Auction Participant under clauses A16.2 and A16.3 of this Agreement proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;
 - (vi) the Auction Participant or its Credit Support Provider ceases or is likely to cease to carry on its business or a substantial part of its business;
 - (vii) the Auction Participant or its Credit Support Provider 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;
 - (viii) the Auction Participant or its Credit Support Provider states that it is unable to pay from its own money its debts as and when they fall due for payment;
 - (ix) a receiver or receiver and manager is appointed in respect of any property of the Auction Participant or its Credit Support Provider;

- (x) an administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function is appointed in respect of the Auction Participant or its Credit Support Provider;
- (xi) an order is made, or a resolution is passed, for winding up the Auction Participant or its Credit Support Provider;
- (xii) a notice under section 601AB(3) of the Corporations Act is given to the Auction Participant or its Credit Support Provider, unless the registration of that Auction Participant or Credit Support Provider is reinstated under section 601AH of that Act;
- (xiii) the Auction Participant or its Credit Support Provider dies or is dissolved and the notice of dissolution is not discharged; and
- (xiv) the Auction Participant or its Credit Support Provider is taken to be insolvent or unable to pay its debts under any applicable legislation.

A12.2 Default Notice

- (a) Where a Default Event has occurred in relation to the Auction Participant, AEMO may, in addition to exercising any other rights under this Agreement, issue a Default Notice to the Auction Participant.
- (b) A Default Notice issued by AEMO under this Agreement must specify:
 - (i) the nature of the Default Event; and
 - (ii) the period within which the Auction Participant must remedy the Default Event, being 24 hours unless AEMO considers it reasonable to allow a longer remedy period in all the circumstances.
- (c) AEMO must revoke a Default Notice if:
 - (i) the Default Event is remedied within the time specified in the Default Notice; and
 - (ii) there are no other circumstances which would entitle AEMO to issue a Default Notice.

A12.3 Consequences of failure to comply with Default Notice

If a Default Event is not remedied by the time specified in the Default Notice, or if AEMO receives notice from the Auction Participant that it is not likely to remedy the Default Event, then AEMO may do any or all of the following:

- (a) give notice to the Auction Participant terminating this Agreement with effect from the date in the notice and publish a statement on its website that the notice has been given and apply the Close-Out procedure under clause A12.4;
- (b) if it has not already done so, make a claim upon any Credit Support held in respect of the Auction Participant in accordance with clause A6.6(a);
- (c) calculate a provisional statement for the Auction Participant in respect of all or any part of its Credit Exposure and require payment of the amount in the provisional statement within 2 Business Days of the issue of that statement;
- (d) apply the Auction Participant's Prepayment Balance (if any) against any provisional statement amount;
- (e) withhold the payment of any amount otherwise due by AEMO to the Auction Participant under this Agreement until the relevant liabilities of the Auction Participant have been finally determined; and
- (f) set off any amount payable by AEMO under this Agreement against any other amount payable by the Auction Participant to AEMO under this Agreement.

A12.4 Close-Out under this Agreement

- (a) If AEMO gives a termination notice to the Auction Participant under clause A12.3(a), termination will take effect from the date specified in the notice.
- (b) At the time of giving a termination notice to the Auction Participant under clause A12.3(a), or as soon as reasonably practicable afterwards:
 - (i) AEMO must give a notice to the Auction Participant that Close-Out will apply to the Auction Participant;
 - (ii) AEMO must determine and notify the Auction Participant of the Auction Agreement Close-Out Amount; and
 - (iii) the Auction Agreement Close-Out Amount is due and payable on the date of termination specified in the notice under clause A12.3(a).

A13 Simultaneous Close-Out under Exchange Agreement

A13.1 Application of this clause

- (a) This clause A13 applies if the Auction Participant is also a party to the Exchange Agreement.
- (b) To the extent that there is any inconsistency between this clause A13 and the Exchange Agreement or any other provision of this Agreement, this clause A13 prevails.

A13.2 Definitions

In this clause A13:

Close-Out means:

- (a) when used as a verb:
 - (i) in relation to this Agreement, means to terminate this Agreement and accelerate the payment of the Auction Agreement Close-Out Amount under clause A12.4; and
 - (ii) in relation to the Exchange Agreement, means to give effect to the CloseOut and offset procedure in clause 20.5 of the Exchange Agreement where the Auction Participant is the "Defaulting Participant" under that clause, calculate the Exchange Agreement Close-Out Amount in respect of that Auction Participant and the net amount owed to or by the Auction Participant and terminate the "Membership Agreement" in respect of the Auction Participant; and
- (b) when used as a noun, means the act of Closing-Out and Closed-Out shall be construed accordingly.

Close-Out Event means:

- (a) in relation to this Agreement, in relation to the Auction Participant, any event on the basis of which AEMO has the contractual right to Close-Out under clause A12.4; and
- (b) in relation to the Exchange Agreement, in relation to the Auction Participant, any event on the basis of which AEMO has the contractual right to Close-Out in relation to the Auction Participant under the Exchange Agreement,

even if there are no transactions outstanding under the relevant agreement at the relevant time.

Early Termination Date has the meaning given to it in clause A13.3(a).

Exchange Agreement Close-Out Amount means, at any time in relation to the Auction Participant, the amounts determined by AEMO under the Exchange Agreement to be the "Close-Out Amount" for the Auction Participant at that time.

Final Net Settlement Amount has the meaning given to it in clause A13.4(b).

Termination Notice has the meaning given to it in clause A13.3(a).

A13.3 Simultaneous Close-Out of this Agreement and Exchange Agreement

- (a) If a Close-Out Event has occurred and is continuing in respect of the Auction Participant, AEMO may Close-Out under both this Agreement and the Exchange Agreement by sending to the Auction Participant a notice (**Termination Notice**) specifying the date on which all transactions under both agreements are Closed-Out (the **Early Termination Date**), which date must be no earlier than the day the Termination Notice is deemed to be received under clause A19.2 and no later than the day falling 5 Business Days after that day.
- (b) A Termination Notice given in accordance with clause A19 of this Agreement is also taken to satisfy the notice requirements of the Exchange Agreement.
- (c) AEMO may not Close-Out only this Agreement, only the Exchange Agreement or only a part of either of them. If AEMO attempts to do so, the exercise of that right will be taken for the purposes of this clause to be effective provision of a Termination Notice initiating Close-Out of both this Agreement and the Exchange Agreement and all transactions under them in their entirety, effective on the designated Early Termination Date.
- (d) A Close-Out Event is taken to be continuing until the earlier of such time as the conditions that constituted the Close-Out Event cease to exist or the payment in full of any amount that has become due and payable under this Agreement or the Exchange Agreement as the result of the occurrence of the Close-Out Event.

A13.4 Effect of Early Termination Date

- (a) When Close-Out has been commenced:
 - (i) AEMO must determine the Auction Agreement Close-Out Amount and the Exchange Agreement Close-Out Amount in each case on the basis that the parties shall be treated as not being entitled to exercise any rights to Credit Support (each a **Settlement Amount**);
 - (ii) each Settlement Amount is due and payable on the Early Termination Date; and
 - (iii) with effect from the Early Termination Date, all further payment obligations under this Agreement and the Exchange Agreement are released (and not merely suspended) and replaced by the single, surviving obligation of one party to pay the other a single Final Net Settlement Amount due from one party to the other in accordance with the provisions of this clause.
- (b) If, on the Early Termination Date, a Settlement Amount would be payable:
 - (i) by one party (the first party) to the other (the second party) under the Exchange Agreement (after allowing for netting as provided for in the Exchange Agreement); and
 - (ii) by the second party to the first party under this Agreement,then the obligations of AEMO and the Auction Participant respectively to make payment of each such Settlement Amount will be automatically set off such that the obligations are replaced by an obligation upon the party by which the larger amount would otherwise have been payable to pay to the other party the amount by which the larger amount exceeds the smaller amount (the **Final Net Settlement Amount**) on the Early Termination Date.
- (c) If a Settlement Amount has been netted off in whole or in part on the Early Termination Date, such Settlement Amount shall, to the extent of such netting-off, be deemed to have been discharged and no longer due under the relevant agreement that has been Closed-Out.
- (d) AEMO must determine the Final Net Settlement Amount due and provide to the Auction Participant a statement showing the calculation of the Final Net Settlement Amount

(which may be, at the option of AEMO, provided at the same time and as part of the Termination Notice or by separate notice following the Early Termination Date).

- (e) The Final Net Settlement Amount is payable by the party from whom such payment is due on or before the Business Day falling 3 Business Days after the Business Day on which the statement is provided under clause A13.4(d).
- (f) The Final Net Settlement Amount must be paid in accordance with the payment instructions provided by AEMO in the statement provided under clause A13.4(d), together with interest on the Final Net Settlement Amount, from (and including) the payment date under clause A13.4(e) to (but excluding) the date the Final Net Settlement Amount is paid, at the Interest Rate.

A14 Dispute resolution

A14.1 Dispute notice

If any dispute arises between the parties in connection with this Agreement, the party requiring it to be resolved must promptly give the other party written notice giving details of the dispute.

A14.2 Negotiation period

- (a) Within 10 Business Days of a party receiving a dispute notice under clause A14.1 or such longer period agreed by the parties, a senior executive of each party with authority to resolve the dispute must meet and, in good faith, attempt to resolve the dispute by negotiation.
- (b) If the parties are unable to reach a resolution of the dispute by negotiation within a period of 10 Business Days, then any party may by notice in writing to the other given at any time after the negotiation period, bring the good faith negotiation period to an end.

A14.3 Urgent relief

- (a) Nothing in this Agreement denies any party the right to seek injunctive or declaratory relief from an appropriate court where failure to obtain that relief would cause irreparable damage to the party concerned.
- (b) The dispute resolution procedures in this clause do not apply to impair, delay or otherwise prejudice the exercise by a party of its rights under this Agreement (including without limitation any right of termination).

A14.4 Mediation

- (a) The parties may agree to seek to have the dispute resolved by mediation. In that case, within five Business Days of reaching that agreement, the parties must refer the matter to a mutually agreed mediator, or failing agreement to a mediator appointed at the request of any party by the Institute of Arbitrators and Mediators Australia.
- (b) The mediation will be conducted in accordance with the procedures determined by the mediator. The mediator must determine who will bear the liability for the mediator's fees and the disbursements and other costs of the mediation which must be paid accordingly.

A15 Confidentiality

A15.1 Definition of Confidential Information

Confidential Information means information, of whatever kind, provided to the Auction Participant or to AEMO under or in connection with this Agreement that is, and remains, of a confidential or commercially sensitive nature.

A15.2 Obligations of confidentiality

- (a) A party must, in relation to the Confidential Information of another party:
 - (i) keep confidential any Confidential Information that comes into the party's possession or control in the course of performing the party's obligations or exercising its rights under this Agreement;
 - (ii) not disclose Confidential Information except as permitted or required by this Agreement;
 - (iii) only use or reproduce Confidential Information for the purpose for which it was disclosed or another purpose contemplated by this Agreement; and
 - (iv) not permit, and use all reasonable endeavours to prevent, unauthorised access to Confidential Information.
- (b) In respect of Confidential Information that is also protected information within the meaning of section 91G of the National Gas Law, the Auction Participant consents to the disclosure of that Confidential Information by AEMO as permitted or required by this Agreement.

A15.3 Permitted disclosures

Subject to clause A15.4, clause A15.2 does not prevent:

- (a) the use or disclosure of information that is in the public domain, other than as a result of a breach of clause A15.2 by the person seeking to rely on this provision or breach of an obligation owed to that person under clause A15.4;
- (b) the disclosure of information to agents, officers, employees, auditors or professional advisers of the party or a Related Body Corporate for the purposes of this Agreement or for obtaining advice about the application of this Agreement;
- (c) the use or disclosure of Confidential Information with the consent of the person to whom the duty of confidentiality is owed;
- (d) the use or disclosure of information as required by law or a lawful requirement imposed by any Authority or any recognised stock exchange;
- (e) the use or disclosure of information for the purposes of legal proceedings (including dispute resolution processes under this Agreement, arbitration proceedings, proceedings when an expert determination of a disputed question, or proceedings by way of mediation or some other alternative dispute resolution mechanism);
- (f) the use or disclosure of information to protect the safety of any person or property;
- (g) the use or disclosure of information reasonably required in connection with the party's financing arrangements, investment in the party or a disposal of the party's assets;
- (h) the disclosure of information to the AER, the AEMC, the Australian Competition and Consumer Commission or the Australian Securities and Investments Commission or another regulatory body having jurisdiction over the party;
- (i) the use or disclosure of information as required or authorised by or under the National Gas Law or the National Gas Rules;
- (j) the use or disclosure of information of a historical nature that does not identify the person to whom it relates, for the preparation of a report under this Agreement; or
- (k) the use or disclosure of information in an aggregated or other form in which its confidential aspects cannot be identified.

A15.4 Conditions of disclosure

- (a) A party proposing to disclose Confidential Information under clauses (d), (e), (f), (h) or (i) must, where it is reasonably practicable to do so, inform the person to whom disclosure is proposed of the confidentiality of the information.
- (b) A party proposing to disclose Confidential Information under clauses (b) or (g) must ensure that the person to whom disclosure is proposed is subject to binding obligations:
 - (i) to keep the information confidential and not to further disclose it;
 - (ii) not to use or reproduce the information for a purpose other than that for which it was disclosed; and
 - (iii) to take all reasonable steps to prevent unauthorised access to the information.

A16 Representations

A16.1 AEMO

AEMO makes the representations in clause A16.3 (excluding clauses (f), (j), (k) and (l)) to the Auction Participant at the time this Agreement is entered into.

A16.2 Auction Participant

The Auction Participant makes the representations in clause A16.3 to AEMO at the time it enters into this Agreement. Each representation is deemed to be repeated by the Auction Participant on each date that the Auction Participant submits a bid in the Capacity Auction.

A16.3 Representations

Each party represents in accordance with clause A16.1 or clause A16.2 (as applicable) that:

- (a) it is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation (and, if relevant under those laws, in good standing);
- (b) it has the power to execute the Formal Instrument and any other documentation relating to the Formal Instrument to which it is a party, to deliver the Formal Instrument and any other document relating to the Formal Instrument that it is required by this Agreement to deliver and to perform its obligations under this Agreement and has taken all necessary action to authorise that execution, delivery and performance;
- (c) the execution, delivery and performance of the Formal Instrument and the performance of this Agreement do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (d) all governmental and other licences, authorisations, permits, consents and other approvals (if any) that are required to enable the party to fulfil any of its obligations under this Agreement have been obtained and are in full force and effect and all conditions of any required authorisations have been complied with;
- (e) its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms subject to applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting creditors' rights generally and subject as to enforceability to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law);
- (f) in the case of Auction Participant, no Default Event, or event which with notice and/or lapse of time would constitute a Default Event, has occurred with respect to it and is continuing and no such event or circumstance would occur as a result of it entering into or performing its obligations under this Agreement;

- (g) no litigation, arbitration or administrative suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency, official or arbitrator is pending, so far as it is aware, threatened against it which would, if adversely determined, result in a material adverse changes in its financial condition or its ability to perform its obligations under this Agreement, or that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement;
- (h) it has entered into and executed this Agreement as principal (and not as agent or in any other capacity, fiduciary or otherwise) (except that if the party is both an Appointing Participant and an Agent Participant, then this representation is only given by the party in its capacity as Appointing Participant);
- (i) except in the case of fraudulent misrepresentation, it is not relying upon any oral or written representation, warranty or other assurance of any party other than expressly provided for or referred to in this Agreement;
- (j) in the case of the Auction Participant, it has carried out all investigations it considers relevant to assess the risks associated with participation in the Auction Platform and use of information provided through the Auction Platform and the suitability of any Auction Product or information for its purposes and has entered into this Agreement with the full understanding of the material terms and risks of this Agreement and it is capable of assuming those risks;
- (k) in the case of the Auction Participant, AEMO is not acting as a fiduciary or an adviser for the party, nor has AEMO given to it any advice, representation, assurance or guarantee as to the expected performance, benefit or result of this Agreement, any Auction Product, any Auction Service, any information provided through the Auction Platform or otherwise in relation to or in connection with this Agreement, or any transaction or arrangement contemplated under this Agreement; and
- (l) in the case of an Appointing Participant, it has authorised and will ratify all acts and omissions of its Agent Participant as agent for the Appointing Participant under or in connection with this Agreement.

A16.4 Exclusion of implied terms

- (a) To the maximum extent permitted by law and except in the case of fraud or as otherwise expressly provided in this Agreement:
 - (i) all terms, conditions, warranties or statements (whether express, implied, written, oral, collateral, statutory or otherwise) which would be implied or incorporated into this Agreement as having been given by a party in favour of any other party (**implied terms**) are excluded;
 - (ii) each party disclaims all liability in relation to any implied terms; and
 - (iii) each party waives all rights and remedies which might otherwise be available to that party in relation to any implied terms.
- (b) AEMO makes no representation and gives no warranty as to the accuracy, suitability or fitness for purpose of the Auction Platform, any Auction Products, any information provided through the Auction Platform and none of the Auction Platform, any Auction Product or the information provided purports to be suitable for the Auction Participant's business objectives, financial situation or needs.

A16.5 Acknowledgements regarding Disclosed Information

Without limiting the generality of clauses A16.1 to A16.4, the Auction Participant acknowledges, in respect of this Agreement and the Capacity Auction, the following:

- (a) the Disclosed Information does not constitute an invitation, offer or recommendation by or on behalf of AEMO;

- (b) the purpose of the Disclosed Information is to provide the Auction Participant with information to assist it in making decisions regarding bidding in the Capacity Auction;
- (c) the Disclosed Information does not purport to contain all of the information that the Auction Participant requires for the purpose of making decisions regarding bidding for Auction Products in the Capacity Auction, and does not purport to have been prepared having regard to the Auction Participant's business objectives, financial situation or particular needs;
- (d) neither AEMO, nor any person acting on behalf of or associated with AEMO, makes any representation or warranty either express or implied as to the accuracy, reliability or completeness of the Disclosed Information;
- (e) the Auction Participant will not rely in any way on the Disclosed Information or on the skill or judgement of AEMO or any person acting on behalf of or associated with AEMO and will rely absolutely on its own opinion and professional advice based on its own independent analysis, assessment, investigation and appraisal in making decisions regarding bidding in the Capacity Auction; and
- (f) the Auction Participant will carry out all investigations it considers relevant and will examine and acquaint itself concerning:
 - (i) the contents, correctness and sufficiency of the Disclosed Information; and
 - (ii) any other information which it considers relevant to the risks, contingencies and other circumstances which could affect the Auction Products and the Auction Participant's decisions regarding bidding in the Capacity Auction.

A17 Liability

A17.1 Liability of AEMO

To the maximum extent permitted by law, AEMO is not liable to the Auction Participant for any act or omission (including any act or omission amounting to a breach of this Agreement or breach of statute or any negligent act or omission) under or in connection with this Agreement or any Capacity Auction whether arising in contract, tort (including negligence) breach of duty or any other ground unless the act or omission was done or made in bad faith, within the meaning of section 91K of the National Gas Law.

A17.2 Interruption of Auction Platform

Without limiting clause A17.1, AEMO is not liable to the Auction Participant in respect of any interruption, failure, shutdown or malfunction of equipment or systems affecting the Auction Platform or any part of the Auction Platform, unless caused by AEMO's failure to take reasonable steps to mitigate against those risks.

A17.3 Recoverable losses

- (a) The liability of a party to any other party for any act or omission (including any act or omission amounting to a breach of this Agreement or a breach of statute or any negligent act or omission) under or in connection with this Agreement or the Capacity Auction is limited to the recovery by that party of Direct Loss less any amount of Excluded Loss relating to that other party in respect of that act or omission.
- (b) No party is liable to any other party under or in connection with this Agreement or the Capacity Auction in any circumstances for any amount in respect of or comprising Consequential Loss however arising (including, without limitation, at law, in equity or pursuant to statute) and all such liability is excluded.
- (c) Clause A17.3(a) and clause A17.3(b) apply:
 - (i) to limit or exclude liability to the maximum extent permitted by law;
 - (ii) subject to clause A17.5;

- (iii) subject to any provision which provides for an exclusive remedy in respect of the act or omission; and
- (iv) without prejudice and subject to clause A17.1.

A17.4 Definitions

In this clause:

- (a) **Direct Loss** means any loss, damage, cost, liability or expense (however incurred) but excludes any Consequential Loss.
- (b) **Consequential Loss** means any:
 - (i) indirect loss, damage, cost, liability or expense;
 - (ii) special, indirect, consequential, incidental or punitive damages;
 - (iii) damages for economic loss, loss of profits, loss of opportunity, loss of market, loss of contract, loss of revenue, goodwill, bargain, anticipated savings or loss or corruption of data,whether arising in contract, tort (including negligence), under statute or otherwise, whether or not such loss or damage was foreseeable and even if advised of the possibility of the loss or damage.
- (c) **Excluded Loss** means loss or damage suffered or incurred by a party to this Agreement as a result of, or to the extent contributed to by, any act or omission by that party, its Related Bodies Corporate or any of their officers, employees, agents, consultants or subcontractors.

A17.5 Carve-outs

The limitations and exclusions in this clause A17 do not apply to limit or exclude any liability:

- (a) for payments required to be made under this Agreement;
- (b) under any indemnity given under this Agreement in favour of AEMO;
- (c) under the National Gas Law or the National Gas Rules in respect of any breach of the Market Conduct Rules; or
- (d) arising from any fraudulent act or omission.

A17.6 Australian Consumer Law

- (a) Pursuant to section 64A of the Australian Consumer Law (being Schedule 2 to the Competition and Consumer Act 2010 (Cth)) this clause applies in respect of obligations to supply goods or services under this Agreement which are not of a kind ordinarily acquired for personal, domestic or household use or consumption, except to the extent that the recipient of the goods or services establishes that reliance on this clause would not be fair and reasonable.
- (b) This clause A17.6 prevails over the preceding provisions of this clause A17.
- (c) Liability for a failure to comply with a guarantee imposed by the Australian Consumer Law:
 - (i) is limited in the case of goods (other than a guarantee under section 51, 52 or 53) to any one of the following as determined by the seller of the goods:
 - (A) the replacement of the goods or the supply of equivalent goods;
 - (B) the repair of the goods;
 - (C) the payment of the cost of replacing the goods or acquiring equivalent goods; or

- (D) the payment of the cost of having the goods repaired; and
- (ii) is limited in the case of services, to any one of the following as determined by the supplier of the services:
 - (A) the supplying of the services again; or
 - (B) the payment of the cost of having the services supplied again.

A18 Force Majeure

A18.1 Definition of Force Majeure

- (a) Subject to this clause A18.1, **Force Majeure** means any event or circumstance (or combination of events and/or circumstances) the occurrence of which is beyond the reasonable control of the party seeking to rely on it (acting and having acted in accordance with Good Gas Industry Practice).
- (b) The act or omission of any agent or contractor of a party is not Force Majeure unless such act or omission is caused by or results from events and/or circumstances which would be Force Majeure if that person were the Affected Party (as defined in clause A18.2(a)).
- (c) Force Majeure does not include events or circumstances such as loss of a party's markets, a party's inability to economically use or resell energy products or a party's inability to procure contracts for Auction Services.

A18.2 Effect of Force Majeure

- (a) If a party (**Affected Party**) is prevented or hindered by Force Majeure from complying with its obligations under this Agreement (other than an obligation referred to in clause A18.2(b)) then the obligations of the Affected Party are suspended during the period and to the extent that those circumstances continue to prevent or hinder that party from complying with its obligations.
- (b) Force Majeure cannot be claimed in respect of, and does not excuse non- performance of, and does not suspend, any obligation with respect to:
 - (i) payment of any money; or
 - (ii) providing or replacing Credit Support.

A18.3 Notice requirements

- (a) If the Affected Party is the Auction Participant, the Auction Participant must give prompt written notice to AEMO of the occurrence of the event or circumstance of Force Majeure, giving an estimate of its expected duration and the probable impact on the performance of its obligations under this Agreement.
- (b) The Auction Participant must:
 - (i) as soon as reasonably practicable, provide any additional information reasonably requested by AEMO in respect of the event or circumstance of Force Majeure;
 - (ii) use its reasonable endeavours to remove or overcome the event or circumstance of Force Majeure; and
 - (iii) give notice to AEMO of the cessation of the event or circumstance giving rise to Force Majeure.
- (c) If the Affected Party is AEMO, AEMO must:
 - (i) promptly publish on its website as much information as is reasonably practicable about the event or circumstance giving rise to the Force Majeure, the expected duration of that event and the cessation of that event; and

- (ii) use its reasonable endeavours to remove or overcome the event or circumstance of Force Majeure.

A18.4 Resumption of performance

An Affected Party must resume the performance of any obligation which it was unable to fulfil as a result of Force Majeure as soon as reasonably practicable after the Force Majeure ends.

A19 Notices, Communications and Publication

A19.1 Communication through the Auction Platform

Where this Agreement requires any information, submission or notice to be communicated:

- (a) by AEMO to the Auction Participant; or
- (b) the Auction Participant to AEMO,

and the functionality of the Auction Platform allows for that communication to be made using the Auction Platform, the relevant party must use the Auction Platform for that communication, unless otherwise specified in the Auction Interface Protocol or (for a communication to be made by the Auction Participant) agreed by AEMO.

A19.2 Other notices

- (a) A notice in connection with this Agreement which is not able to be communicated through the Auction Platform must be:
 - (i) in writing in English;
 - (ii) signed by the party or its agent; and
 - (iii) given to the recipient either by hand delivery, pre-paid registered mail, facsimile transmission or email, in each case addressed to the address for notices of the recipient specified in the Formal Instrument.
- (b) Where two or more persons comprise a party, notice to or by one of those persons is effective notice to and by all of them.
- (c) Proof of posting by pre-paid mail of a notice in accordance with this clause is proof of receipt of such notice on the second clear Business Day after posting.
- (d) Proof of transmission by facsimile of a notice in accordance with this clause is proof of receipt on the date of transmission, but if a transmission is not made on a Business Day or not made before 4.00pm, then it is proof of receipt at 10.00am on the next Business Day after transmission.
- (e) Unless proved to the contrary, proof of transmission by email of a notice in accordance with this clause is proof of receipt on the date of transmission, but if a transmission is not made on a Business Day or not made before 4.00pm, then it is proof of receipt at 10.00am on the next Business Day after transmission.

A20 Miscellaneous

A20.1 Assignment and subcontracting

- (a) AEMO may subcontract the performance of all or any part of its obligations under this Agreement. In connection with any such subcontracting, AEMO may disclose Confidential Information to the subcontractor provided that AEMO procures that the subcontractor agrees to maintain the confidentiality of that information on terms no less onerous than the terms of this Agreement.
- (b) AEMO may assign its rights and novate its obligations under this Agreement to a person appointed by AEMO to operate all or part of the Auction Platform, subject to the

requirements of the National Gas Rules, by giving prior notice of that assignment and novation to the Auction Participant.

- (c) For the purposes of giving effect to that assignment and novation under clause A20.1(b), by this clause, the Auction Participant consents to such assignment and novation provided that the incoming operator undertakes to the Auction Participant to assume the obligations of AEMO accrued and not discharged prior to the date that the assignment and novation takes effect.
- (d) The Auction Participant must not assign or novate its rights or obligations under this Agreement. Any purported assignment or novation in breach of this clause is void.

A20.2 Rights in the Auction Platform

- (a) All Intellectual Property Rights in the Auction Platform and the content and layout of the Auction Platform are owned by AEMO or its licensors and are subject to copyright.
- (b) Any database comprised in the Auction Platform is Confidential Information of AEMO (but without prejudice to the application of clause A15 in respect of Confidential Information of the Auction Participant contained in a database).
- (c) Under this Agreement, the Auction Participant and its authorised users has a non-exclusive, non-transferable right, for the duration of this Agreement, to access the Auction Platform and to use the functionality of the Auction Platform in accordance with this Agreement, the Auction Interface Protocol and any access and licensing agreement entered into under the Auction Interface Protocol. The Auction Platform must not be used in any way that is not authorised by this Agreement and the Auction Participant must not permit use of or access to the Auction Platform by any third party, other than its agents or representatives nominated in accordance with clause A3.
- (d) The Auction Participant must not, and must ensure that any person authorised by it to use its interface with the Auction Platform does not:
 - (i) alter or remove any copyright, trademark or other proprietary mark, logo or notice of AEMO or of any other company, organisation or public authority appearing anywhere in the Auction Platform;
 - (ii) modify or edit the data, text, images, material and information in the Auction Platform or publish or sell any information from the Auction Platform including by making that information available on any website;
 - (iii) reverse engineer, transfer, adapt or modify any software used in connection with any part of the Auction Platform;
 - (iv) attempt to damage or corrupt (including through the introduction of any malicious software) any software or data of AEMO or any third party used in connection with any part of the Auction Platform; or
 - (v) attempt to gain unauthorised access to the Auction Platform, the server on which the Auction Platform is stored or any server, computer or database connected to the Auction Platform.

A20.3 Waiver

- (a) A party waives a right under this Agreement only by written notice that it waives that right. A waiver is limited to a right of the party giving the waiver and the specific instance to which it relates and to the specific purpose for which it is given.
- (b) No failure, or delay, in exercising any right, power or remedy by a party operates as a waiver. A single or partial exercise of any right, power or remedy does not preclude any other or further exercise of that or any other right, power or remedy.

A20.4 Severance

If any provision of this Agreement is or becomes invalid, unenforceable or illegal or is declared to be invalid, unenforceable or illegal by any court of competent jurisdiction, such invalidity, unenforceability or illegality shall not prejudice or affect the remaining provisions of this Agreement which shall continue in full force and effect.

A20.5 Entire agreement

This Agreement records the entire agreement between the parties as to its subject matter. It supersedes all prior contracts, obligations, representations, conduct and understandings.

A20.6 Governing law

- (a) The laws of Queensland govern this Agreement. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Queensland.
- (b) Each party irrevocably waives any objection to the venue of any legal process on the basis that the process has been brought in an inconvenient forum.
- (c) Each party irrevocably waives any immunity in respect of its obligations under this document that it may acquire from the jurisdiction of any court or any legal process for any reason including the service of notice, attachment before judgment, attachment in aid of execution or execution.

A20.7 Relationship of the parties

Nothing in this Agreement is to be treated as creating a partnership or trust and except as specifically provided in this Agreement no party may act as agent of a party or in any way bind another party to any obligation.

A20.8 Costs

- (a) A party will bear its own costs in relation to the negotiation, preparation and execution of this Agreement and any further document required.
- (b) The Auction Participant will be responsible for all costs and expenses incurred by it in connection with the Capacity Auction. AEMO will not be liable on any grounds whatsoever for costs and expenses incurred by the Auction Participant in the conduct of due diligence in relation to Auction Products, Auction Services or the Capacity Auction, making decisions regarding bidding for Auction Products in the Capacity Auction or in any other way in connection with the Capacity Auction.
- (c) All stamp duty (including fines, penalties and interest) that may be payable on or in connection with this Agreement and any instrument executed under this Agreement must be borne by the Auction Participant.

A20.9 Further assurances

Each party must do all things reasonably required to facilitate the performance of this Agreement.

A20.10 Indemnities

Unless expressly provided otherwise:

- (a) any indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this Agreement;
- (b) it is not necessary for a party to incur expense or make any payment before enforcing a right of indemnity conferred by this Agreement; and

- (c) the making of a claim by a party under an indemnity contained in this Agreement in respect of a particular event does not preclude that party from subsequently making further claims under that indemnity in respect of any further loss arising out of the same event for which it has not previously been indemnified.

- End of Capacity Auction Standard Terms -

APPENDIX B. TERMS OF USE

[Note to Draft: To be based on BB terms of use, as set out in current consultation.]