

Notice to Gas Supply Hub Exchange Members of AEMO's decision to make amendments to the Gas Supply Hub Exchange Agreement for the implementation of Non-netted transactions

This Notice advises all Gas Supply Hub Exchange members and other interested stakeholders that AEMO has completed its consultation for the *Gas Supply Hub Proposed Exchange Agreement Amendment – Non-netted Transactions*. AEMO proposed changes to the Exchange Agreement to allow pre-matched (off-market) transactions in Wallumbilla products to be excluded from the delivery netting process.

Taking into account the assessment provided in the Impact and Implementation Report (IIR) AEMO has decided to make the proposed amendments to the Exchange Agreement, effective from 1 June 2016.

The changes (as outlined in Attachment B) will be incorporated in version 6.0 of the Exchange Agreement by including:

- Amendments to allow trading participants to specify that delivery netting will not apply to a pre-matched transaction.
- Amendments to schedules to designate that, for Wallumbilla products, participants will have the ability to exclude a pre-matched transaction from the delivery netting process.

AEMO did not receive any submissions from stakeholders in response to the proposed amendments to the Exchange Agreement as outlined in the IIR.

Two drafting errors were identified in version 5.0 of the Gas Supply Exchange Agreement. AEMO has corrected these drafting errors (as outlined in Attachment A) in version 6.0 of the Gas Supply Exchange Agreement.

As required by the Gas Supply Exchange Agreement clause 3.3(d) (iv), AEMO informs Participants that version 6.0 of the Gas Supply Exchange Agreement will be effective from 1 June 2016.

Notice Date: 11 May 2016

Attachment A: Amendment to the GSH Exchange Agreement

This section outlines corrections made to the version 5.0 of the EA.

Documentation Changes

Blue represents additions. Red and strikethrough represents deletions – Marked up changes.

Drafting update

AEMO was informed of a typo in clause 13.5.3(a) of version 5.0 of the EA.

- (a) where only one open Bid for a Spread Product and one open Offer for a Spread Product match, the Spread Product Price is the price of the earliest Order displayed (determined by reference to the Time Stamp for each Order);

Maximum Spread Product price

The maximum order price for Spread Products, as proposed in IIR 004, was intended to be \$100/GJ. AEMO identified that the incorrect maximum price (\$999) was included in version 5.0 of the EA. The maximum price for Spread Product orders has been corrected in version 6.0.

The Product Specifications in the schedules listed below will be amended:

- Schedule 14: Product Specifications for Daily Gas (Wallumbilla)
- Schedule 15: Product Specifications for Daily Gas (Wallumbilla)
- Schedule 16: Product Specifications for Daily Gas (Wallumbilla)

Product Limits	Minimum Spread Product Price: - \$100/GJ (ie negative) Maximum Spread Product Price \$100999 /GJ Maximum Quantity 32,000 GJ (32 TJ)
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Attachment B: Amendment to the GSH Exchange Agreement

Documentation Changes

Blue represents additions. Red and strikeout represents deletions – Marked up changes.

2 DEFINITIONS AND INTERPRETATION

2.1 Definitions

Gas Transporter means each of the entities identified in schedule 2 as a service provider for a gas transportation pipeline identified in schedule 2, and their respective successors in that capacity or, in relation to a Pre-matched Trade, the service provider for the gas transportation pipeline agreed between the Trading Participants to the Pre-matched Trade.

12 Trading

12.1 Definitions

Term	Definition
Delivery Point	The point at which delivery of the Commodity is to take place, as specified in the Product Specification, or, where provided for in the Product Specification, in each Order or, in relation to a Pre-matched Trade, as agreed between the Trading Participants to the Pre-matched Trade.

13.2 Pre-matched Trades

- (a) If permitted in the Product Specification for a particular Product:
- (i) a Trading Participant may submit details of a **Pre-matched Trade** and a second Trading Participant may confirm those details in the Trading System, if the Trading Participants have agreed between them the terms on which they will enter into a Transaction in respect of that Product; and
 - (ii) at the time of submitting and confirming the details of the Pre-matched Trade, the Trading Participants may specify that Delivery Netting is not to apply to the Pre-matched Trade and, if the Trading Participants have specified that Delivery Netting is not to apply to the Pre-matched Trade, the Trading Participants may also specify that the delivery point for the Pre-matched Trade is a delivery point agreed between the Trading Participants that is not specified in a Product Specification (alternate delivery point).
- (a2) Delivery Netting will not apply to a Pre-matched Trade if the Trading Participants specify that Delivery Netting is not to apply to the pre-matched Trade in accordance with clause 13.2(a)(ii).

14.5.1 Delivery pressure

The Delivering Participant must ensure that the gas delivered to the Delivery Point is delivered within the pressure range specified for the Delivery Point in the Product Specification or, in relation to a Pre-matched Trade, the pressure range specified by the Gas Transporter for the Delivery Point for the Pre-matched Trade. The Receiving Participant has no obligation to accept delivery of gas at a pressure outside the pressure range specified for the Delivery Point.

14.5.3 Gas specification

- (a) The Delivering Participant must ensure that all gas delivered to the Receiving Participant at the Delivery Point meets the gas quality specification contained in Australian Standard AS4564-2005, Specification for General Purpose Natural Gas (as amended or replaced from time to time), and any additional gas quality specifications specified for that Delivery Point in schedule 2 or, in relation to a Pre-matched Trade, any additional gas quality specified by the Gas Transporter for the Delivery Point for the Pre-matched Trade.

14.7.1 Application

- (b) In respect of any Gas Day that commences on or after the date in paragraph (a) and a particular Trading Location, subject to clause 14.7.3 and clause 13.2(a2), Delivery Netting applies to Transactions:
 - (i) in respect of Products to which Delivery Netting is specified to apply in the Product Specification;
 - (ii) for delivery at that Delivery Point and for which the Delivery Period includes, or comprises, that Gas Day.

The Product Specifications in the schedules listed below will be amended:

- Schedule 4: Product Specifications for Daily Gas (Wallumbilla)
- Schedule 5: Product Specifications for Day Ahead Gas (Wallumbilla)
- Schedule 6: Product Specifications for Balance-of-Day Gas (Wallumbilla)
- Schedule 7: Product Specifications for Weekly Gas (Wallumbilla)
- Schedule 8: Product Specifications for Monthly Gas (Wallumbilla)

Each of the listed Product Specifications will be amended as shown below:

Pre-matched Trades	<p>Permitted.</p> <p>Trading Participants may specify that Delivery Netting is not to apply to a Pre-matched Trade (see clause 13.2(a2) of this agreement).</p> <p>If the Trading Participants have specified that Delivery Netting is not to apply to the Pre-matched Trade, the Trading Participants may also specify that the delivery point for the Pre-matched Trade is a delivery point agreed between the Trading Participants that is not specified in a Product Specification (alternate delivery point).</p>
Special conditions	<p>Each Trading Participant who submits an Order in relation to this Product represents and warrants for the purposes of this agreement that the Trading Participant has all necessary rights under agreements with the Gas Transporter at the Delivery Point (as identified in schedule 2 or as specified in a Pre-matched Trade) to deliver (in the case of the Seller) or accept (in the case of the Buyer) the Transaction Quantity.</p>