

Our Ref: 41359
Your Ref:
Contact Officer: Jessica Zito
Contact Phone: 03 9290 1412

31 March 2010

Terry Grimwade
Executive General Manager, Market Development
Australian Energy Market Operator
Level 12, 15 William Street
Melbourne VIC 3001

Dear Mr Grimwade

No action for non-compliance with National Gas Rules

Thank you for your letter dated 25 March 2010 in which you seek from the AER a letter of 'no action' for non-compliance with clauses 238(4), 238(6), 249(4)(a) and 253(2) of the National Gas Rules (Gas Rules). Your request was sought because AEMO has been paying amounts based on simple interest calculations instead of compounded daily interest as required under the Gas Rules.

On the basis of the information provided by you, and given that AEMO is intending to submit a rule change proposal to the AEMC on this issue within two months, the AER does not intend to pursue the matter further at this stage. The AER may review its decision pending the outcome of the rule change proposal. If new information comes to light, or the information provided was inaccurate or misleading, the AER may choose to pursue enforcement action or otherwise seek to ensure compliance with the Gas Rules.

If you have any questions in relation to this letter, please do not hesitate to contact Jessica Zito on 03 9290 1412

Yours sincerely



Tom Leuner
General Manager
Markets Branch