

OPERATIONAL TRANSPORTATION SERVICE CODE PANEL

- ELECTION PROCEDURES
- OPERATING MANUAL

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APPROVED BY: Peter Geers
TITLE: EGM Markets

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1. INTRODUCTION

1.1. Purpose and scope

The Operational Transportation Service Code (OTS Code) is a regulatory framework established under the Chapter 7A, Part 2, Sections 228G and 228H National Gas Law (NGL) and Part 24, Division 2, Subdivision 2.2 of the National Gas Rules (NGR), which sets terms and conditions for the provision of *standard operational transportation services* for quantities of natural gas. All non-exempt service providers are required to publish a *standard Operational Transportation Service Agreement* consistent with the OTS Code.

The NGL confers powers on the Australian Energy Regulator (AER) to make and amend the OTS Code in accordance with the NGR. Rule 604 of the NGR allows the AER to make amendments to the OTS Code on the recommendation of the OTS Code Panel (the Panel) or on their own initiative.

Rule 599 of the NGR requires the Australian Energy Market Operator (AEMO) to establish the Panel. This includes the requirement to publish election procedures, and an operating manual for the Panel.

The Panel has the functions set out in Rule 600 of the NGR. These include assessing, consulting, and making recommendations to the AER regarding changes to the OTS Code. In addition, the Panel may make recommendations to AEMO for changes to the Capacity Transfer and Auction Procedures where relevant.

This document includes:

- the election procedures for the Panel published by AEMO under Rule 599(1)(b) of the NGR (Election Procedures), and
- the operating manual for the Panel published by AEMO under Rule 599(1)(c) of the NGR (Operating Manual)

These Election Procedures and Operating Manual have effect only for the purposes set out in the NGR. The NGR and the NGL prevail over these Election Procedures and Operating Manual to the extent of any inconsistency.

The role and responsibilities of Members of the Panel are defined by the NGR, the Election Procedures and Operating Manual.

1.2. Definitions and interpretation

1.2.1. Glossary

Terms defined in the NGL and the NGR have the same meanings in these Election Procedures and Operating Manual unless otherwise specified in this section.

Defined terms in the NGL and the NGR are intended to be identified in these Election Procedures and Operating Manual by italicising them, but failure to italicise a defined term does not affect its meaning.

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

Term	Definition
AEMO Member	The person appointed as a Member by AEMO to represent AEMO pursuant to Rule 606(1)(c) of the NGR
Alternate	A person appointed as an alternate for any Member in accordance with this Election Procedure and Operating Manual
Chairperson	Means the person acting as chair of the OTS Panel from time to time
Material Conflict	A material conflict of interest, as defined by Rule 608(2) of the NGR
Member	A member of the OTS Code Panel
Member Category	Means all or any one of the following (as the context requires): <ul style="list-style-type: none"> • Transportation Service Provider Member, to represent <i>transportation service providers</i> • Transportation Facility User Member, to represent <i>transportation facility users</i>
NGL	National Gas Law made under the <i>National Electricity (South Australia) Act 1996</i> of South Australia
NGR	National Gas Rules made under the NGL
Nominated Representative	A person nominated to represent either a Transportation Service Provider or Transportation Facility User
Qualification Criteria	The criteria set out in Rule 607(4) of the NGR
Return Date	The date specified in AEMO's announcement of an election as the date by which votes for a relevant Member must be received by AEMO
Standard Meeting	A meeting of the OTS Code Panel that is not an Urgent Meeting
Transportation Service Provider	<i>Transportation service providers</i> who are registered with AEMO under Part 24 of the Rules as facility operators.
Transportation Service Provider Member	Means Members of the OTS Code Panel elected to represent <i>transportation service providers</i>
Secretary	An employee of AEMO appointed as the Secretary to the OTS Code Panel by the Chairperson
Transportation Facility User (General) Member	<i>Registered participants</i> or <i>gas trading exchange Members</i> , who represent transportation facility users generally
Transportation Facility User (Large Users) Member	<i>Registered participants</i> or <i>gas trading exchange Members</i> , who are large users of natural gas. Large use is defined as having a throughput of 10 terajoules per day or more
Transportation Facility Users Members	Means the Transportation Facility User (General) Member or the Transportation Facility User (Large Users) Member or both (as the context requires)
Urgent Meeting	A meeting of the OTS Code Panel, called at the discretion of the Chairperson
Voter Category	Means either or both <ul style="list-style-type: none"> • <i>Transportation service providers</i> who are registered with AEMO under Part 24 of the Rules as facility operators (Transportation Service Provider Voters) to nominate and elect the <i>Transportation Service Provider Members</i> • <i>Transportation facility users</i> who are also Registered participants or gas trading exchange members (Transportation Facility User Voters) to nominate and elect the <i>Transportation Facility User Members</i>

1.2.2 Interpretation

The following principles of interpretation apply to these Election Procedures and Operating Manual unless otherwise expressly indicated:

- (a) these Election Procedures and Operating Manual are subject to the principles of interpretation set out in Schedule 2 of the *National Gas Law*
- (b) references to 'time' are references to Australian Eastern Standard Time

2. NOMINATIONS

2.1. Initial Nominations

Within 15 business days of the initial publication of these Election Procedures and Operating Manual, AEMO must call for nominations for the following initial Members of the Panel:

- two Transportation Service Provider Members
- one Transportation Facility User (General) Member
- one Transportation Facility User (Large Users) Member

AEMO will call for initial nominations and the election of initial Transportation Service Providers Members and Transportation Facility Users Members by publishing a notice on AEMO's website. AEMO shall not be responsible for any person in a Voter Category failing to be aware of a notice.

2.2. Nomination Process

Nominations must be made within 15 business days of AEMO's call for nominations using the nomination form provided by AEMO and available on the AEMO website.

Nominations must be made by a person in the relevant Voter Category.

Nominations must be approved by the Chief Executive Officer, an Executive Director or Company Secretary of the nominator or their authorised delegate.

Nominations must include details of any related bodies corporate and related entities of the nominator that belong to the same Voter Category as the nominator.

If more than one nomination is provided by the same related bodies corporate or related entities in the same Voter Category (whether for the same or different nominees), only the most recent nomination by that related bodies corporate or *related voters* will be accepted by AEMO.

Nominations will be rejected by AEMO if evidence that the nominee meets the Qualification Criteria is not provided with the nomination or if it is clear from the evidence provided that the nominee does not meet the Qualification Criteria.

2.3. Nominated Representatives

AEMO will endeavour to notify all persons in the relevant Voter Category where AEMO is required to provide notice under this Election Procedure and Operating Manual. However, if a person in a Voter Category has not provided or updated the name or contact details of its representative in accordance with this section, AEMO shall not be responsible for that person failing to be aware of a Notice.

2.4. No Nominations

If no nominations are received, or fewer nominations than vacancies, or no nominees meet the Qualification Criteria to fill a vacancy for a Transportation Service Provider Member or Transportation Facility User Member:

- (i) AEMO must notify the members of the relevant Voter Category of this and call for further nominations within the next 10 business days
- (ii) if no further nominations are received within a further 5 business days, or if further nominees do not meet the Qualification Criteria, AEMO must notify the relevant Voter Category that the vacancy will remain open until a nomination is received for a nominee that meets the Qualification Criteria

2.5. Vacancies

Within 15 business days of resignation or removal of a Transportation Service Provider Member or Transportation Facility User Member, AEMO must call for nominations from the relevant Voter Category to fill the vacancy caused by that resignation or removal.

Except for initial nominations under section 2.1, AEMO must call for nominations by sending a Notice to Nominated Representatives of each person in the relevant Voter Category and publishing the Notice on AEMO's website.

When calling for nominations, AEMO must specify the timetable for the election, the method of communication by which nominations must be submitted to AEMO and the term of the appointment of the Member for which nominations are being called.

3. ELECTIONS

3.1. No Elections

There will be no elections for a Transportation Service Provider Member or Transportation Facility User Member where the number of valid nominations that meet the Qualification Criteria is equal to the number of positions available for election. A nominee under these circumstances is deemed to have been elected.

3.2. Elections

Where there are more valid nominations than positions available for a Transportation Service Producer Member or Transportation Facility User Member that meet the Qualification Criteria, AEMO must call an election for the relevant Member Category.

The election and voting will be undertaken in the form of a secret ballot, using the election forms provided.

Except for the call of initial nominations under section 2.1, AEMO must announce the election by Notice to Nominated Representatives of each person in the relevant Voter Category within 15 business days after the date on which nominations must be made.

In the notice calling for an election AEMO must specify the method of communication by which votes must be submitted to AEMO, a Return Date, and include the biographies of nominees and the evidence that the nominees meet the Qualification Criteria as provided in nomination forms.

Votes must be received by the Return Date, using the election form provided by AEMO and available on the AEMO website.

3.3. Returning Officer

AEMO is the returning officer for all Member elections.

3.4. Counting Votes

To be valid, a vote must be returned to AEMO by the Return Date using the election form provided by AEMO and available on the AEMO website.

Votes must include details of any related bodies corporate of the voter that belong to the same Voter Category as the voter.

AEMO shall reject, by deeming it informal, an election form that is not marked substantially in accordance with the instructions included on the election form or, the marking is such that the intention of the voter is not clear.

AEMO shall reject, by deeming it informal, an election form that the voter has not marked, in all the squares opposite the names of the candidates, the numbers 1,2,3 etc up to the number of candidates appearing on the ballot paper.

A candidate will be appointed in the relevant Member Category when:

- (a) a candidate gains >50% of the first preference votes in a Voter Category, or
- (b) if no candidate gains >50% of the first preference votes in a Voter Category, the votes will be re-counted by AEMO using a preferential voting system, as follows:
 - (i) the votes for the candidate with lowest number of first choices are added to the totals of the remaining candidates based on who is ranked next on each ballot and the nominee with the lowest number of first choices is excluded from the count
 - (ii) if the lowest number of first choices is the same for two or more candidates, section 3.4(b)(i) will apply to the votes of all such candidates and all such candidates are excluded from the count
 - (iii) if the count under section 3.4(b)(i) does not result in any candidate receiving >50% of the votes, a further recount will take place as referred to in section 3.4(b)(i) and the next remaining candidate with the lowest number of first choices is excluded and that candidate's votes (including votes received from the first excluded candidate) are added to the remaining candidates based on who is ranked next on each ballot
 - (iv) if the candidate ranked next on a ballot is for a previously excluded candidate, then that vote is disregarded and the vote is added to the continuing nominee who is ranked next after the previously excluded candidate
 - (v) the above process is continued until one candidate receives >50% of the votes
 - (vi) if an election is for two (2) Transportation Service Provider Members:
 - (A) when the first candidate is elected all ballot papers are sorted back to first preference votes, then, all ballot papers containing a first preference vote for the first elected candidate are distributed to the remaining candidates according to the second preference vote on each of them and the votes added to the number of first preference votes held by the candidate. A candidate who has obtained >50% of the votes is shown in the count as the second successful candidate, and
 - (B) if no candidate has then received >50% of the votes the candidate with the fewest votes is excluded and that candidate's votes (first preference and those received from the previously elected nominee) are distributed to the next

available preference among the remaining candidates. If after that exclusion no candidate has obtained >50% of the votes, the next remaining candidate with the fewest votes is excluded and all of his/her votes (ie. first preference votes plus those votes received from the elected and excluded candidate) are distributed to the remaining candidates according to the next available preference. This process is continued until a candidate has obtained >50% of the votes remaining in the count. This candidate is the second elected.

- (vii) in the event of a dead heat or stalemate for an election for two (2) positions of Transportation Service Provider Member, a candidate that received >50% of the votes will be elected and the election will be re-run with all the same candidates including previously excluded candidates (but excluding any elected candidate) for the position that was a dead heat or stalemate. AEMO must include the names of the candidates that were in dead heat or stalemate when calling for the election to be re-run
- (viii) in the event of a dead heat or stalemate for an election for one (1) position of Transportation Service Provider Member or for a position of Transportation Facility User Member, the election will be re-run with all the same candidates including previously excluded candidates AEMO must include the names of the candidates that were in dead heat or stalemate when calling for the election to be re-run
- (ix) if the re-running of the election pursuant to section 3.4(b)(vii) or section 3.4(b)(viii) results in another dead heat or stalemate, the previous nominations will be rescinded and new nominations will be sought in accordance with section 3 of this Procedure. The election process will re-run with the new candidates

3.5. Results

AEMO will publish the results of every election within 15 business days of the Return Date by sending a notice to the candidates and publishing the results on AEMO's website.

4. TERM, REMOVAL AND RESIGNATION

4.1. Term of Office

The term of office for a Transportation Service Provider Members and Transportation Facility Members appointed under this Procedure and Manual is 24 months from the date of their appointment. If a Member is appointed to fill a vacancy because of resignation or removal of a previous Member, the length of their term of office is limited to the balance of the existing term of the Member they replace.

The AEMO Member will have an indefinite term, unless AEMO appoints a different employee to represent AEMO on the Panel.

4.2. Resignation

A Member must resign immediately from the Panel if:

- (a) the Member is absent from two consecutive Standard Meetings without notice and their Alternate does not attend
- (b) the Member sends an Alternate to act as their representative for three Standard Meetings in any 12 month period unless the representative is absent due to a Material Conflict

- (c) in relation to a Transportation Service Provider Member or Transportation Facility User Member:
 - (i) the member was an employee of a person in a Voter Category at the time of their election and they cease to be employed by that person or a person within the same Voter Category, or
 - (ii) the member is an employee of a person in a Voter Category and that person ceases to be in the Voter Category
- (d) In relation to the AEMO Member, they cease to be employed by AEMO.

4.3. Removal

If a Member is required to resign in accordance with section 4.2 and refuses to do so, the Chairperson may remove that Member and declare the position vacant.

4.4. Conflicts of Interest

At the time of appointment or election as a Member, each Member must, by completing a standing declaration of interest form prescribed by the Secretary, notify the Secretary of all personal or business interests that the Member has which could result in the Member having, or which would reasonably be considered to result in the Member having, a material conflict of interest in a matter which the Panel may decide or determine.

Each Member must continue to fully and frankly inform and update the Secretary of any change to the Member's personal or business interests that could result in the Member having, or which would reasonably be considered to result in the Member having, a material conflict of interest in a matter which the Panel may decide or determine.

5. COMPOSITION

5.1. Chairperson

AEMO must ensure an employee of AEMO is appointed at all times as the AEMO Member.

The AEMO Member is the Chairperson of the Panel.

If the AEMO Member is not present at the commencement of a Standard Meeting or an Urgent Meeting, the Alternate for the AEMO Member must be the Chairperson of the Meeting.

If the AEMO Member and that person's Alternate are unable to act as Chairperson for a meeting because the AEMO Member or their Alternate has, or would reasonably be considered to have, a Material Conflict in the matter to be decided or determined by the OTS Code Panel at that meeting, then a member chosen by an ordinary majority may preside as Chairperson of the given Standard Meeting or Urgent Meeting for the relevant matter.

5.2. Secretary

AEMO will provide the services of an AEMO employee to be Secretary to facilitate the functioning of the Panel.

The Secretary will be appointed by the Chairperson. The Chairperson may change the AEMO employee acting as the Secretary at any time.

5.3. Alternate attendance

A Member may appoint an Alternate, who meets the Qualification Criteria, in accordance with subrule 606(3) of the NGR to act on their behalf if the Member is unable to attend or vote at a

Meeting due to a Material Conflict or otherwise. An Alternate for any Member should be nominated by that Member and approved by a simple majority of the Panel in advance of their attendance at any Panel meeting.

5.4. Contact Details

Each Voter, Member and Alternate must notify the Secretary of contact details where Notices can be served, and update those details within 5 business days of any change in those details.

6. MEETINGS

6.1. Meetings

The Panel must meet at least once every six months.

The Chairperson may call a Standard Meeting or an Urgent Meeting by giving notice to the Secretary. The Chairperson may not unreasonably refuse a request from a Member to call a meeting.

The quorum for a Standard Meeting or an Urgent Meeting of the Panel consists of three Members and must include the AEMO Member, except where the AEMO Member and that person's Alternate are unable to attend due to a Material Conflict.

Standard Meetings and Urgent Meetings can be held in person or by electronic means as determined by the Secretary.

Voting at Standard Meetings and Urgent Meetings will be in accordance with Rule 609(5) of the NGR.

6.2. Meeting Administration

AEMO will prepare and distribute all meeting calendar invitations, agendas and meeting papers via email ahead of a meeting.

Meetings will be conducted via videoconference or teleconference unless decided otherwise by the Chairperson. AEMO will provide meeting facilities for at least one of the AEMO offices listed below.

Meeting Location:	AEMO Office:
Adelaide	Level 9, 99 Gawler Place, Adelaide SA 5000
Brisbane	Level 10, 10 Eagle Street, Brisbane QLD 4000
Melbourne	Level 22, 530 Collins Street, Melbourne VIC 3000
Sydney	Level 2, 20 Bond Street, Sydney NSW 2000

6.3. Notice of Meetings and Agenda

At least 15 business days prior to a Standard Meeting, the Secretary must give notice of that Meeting to the Members.

At least 5 business days prior to a Standard Meeting, the Secretary must provide the agenda and meeting papers to the Members.

An Urgent Meeting may be called at any stage at the discretion of the Chairperson. No minimum notice to Members applies to Urgent Meetings and any corresponding meeting materials.

6.4. Adjournment

The Chairperson may adjourn a Standard Meeting, but the only business that may be transacted at the reconvened Meeting is the business left unfinished.

If a Standard Meeting is adjourned for more than 5 business days, notice of the reconvened Standard Meeting must be given by the Secretary to the Members at least 5 business days prior to the date of the proposed reconvened Standard Meeting.

6.5. Other Attendees

Any Member may seek the Chairperson's approval to invite additional parties to a Standard Meeting or an Urgent Meeting to provide input (but not vote) on matters the Panel is considering. Such a request must be provided to the Chairperson at least 5 business days prior to the relevant Standard Meeting or Urgent Meeting and approval of the specified additional parties is at the discretion of the Chairperson.

6.6. Minutes & Resolutions

The Secretary must keep minutes of each Standard Meeting and Urgent Meeting and provide those minutes to each Member and, if an Alternate has attended that Standard Meeting or Urgent Meeting, that Alternate, within 10 business days after the meeting has taken place.

The minutes must record the proceedings during a meeting, including any resolutions passed. Minutes must be in the form provided by AEMO.

- (a) the Members and Alternates present at the Standard Meeting or Urgent Meeting to which the minutes relate must confirm, or comment on, the minutes within 5 business days of receipt. If a Member or Alternate does not confirm or provide comments on the minutes and provide those to the Secretary within those 5 business days, that Member or Alternate is deemed to have confirmed the minutes
- (b) if the Secretary receives comments on the minutes, the Secretary must amend the minutes accordingly and re-circulate them for confirmation within 5 business days of the date on which the last comments on the minutes were received
- (c) the process detailed in Sections 6.6 ((a) and ((b) must be repeated until the minutes are confirmed. Contended items in the minutes, that are not resolved in a reasonable timeframe as determined by the Chairperson, will be discussed at the following Standard Meeting, unless an Urgent Meeting is called regarding the item
- (d) the Secretary must publish on AEMO's website the minutes (together with the agenda and meeting papers relevant to those minutes) within 5 business days of their confirmation by the Panel. If a quorum of the Panel agree that there are meeting papers or sections of the minutes that should not be published, these sections will be redacted from the material published on the AEMO website, however, AEMO will maintain a copy of the unredacted meeting papers and minutes.

7. BUDGET

7.1. Budget

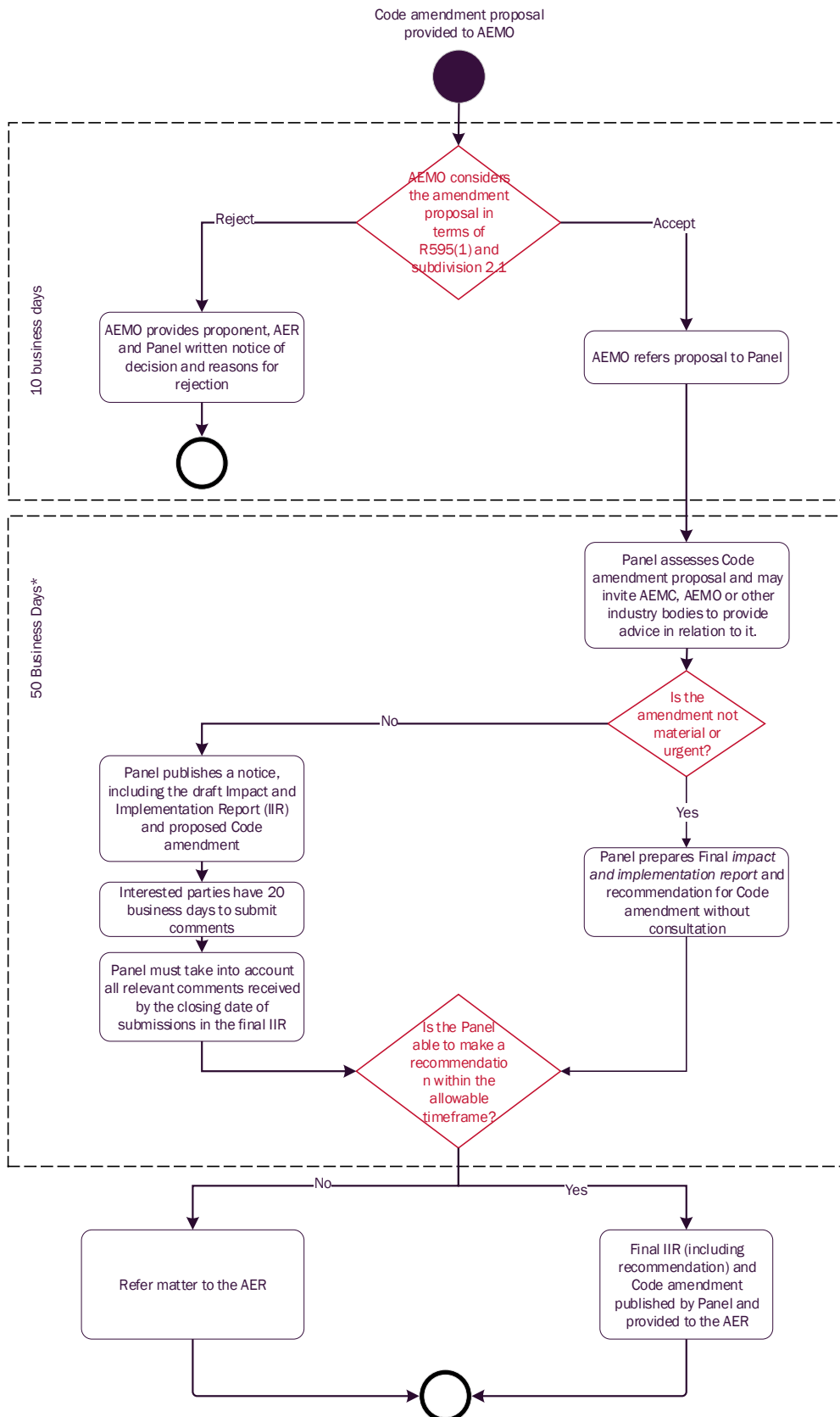
The costs of any member of the Panel (other than the AEMO Member) are not to be borne by AEMO or recouped by AEMO under Rule 599(6) of the NGR.

AEMO will recoup the costs of the Chairman, Secretary, and any consultants' appointment, as well as the relevant travel costs of these individuals, as part of Capacity Trading and Auction costs under Part 15A of the NGR.

8. CODE AMENDMENT PROPOSALS

The OTS Code amendment proposal process is conducted according to Rules 601 to 605 of the NGR and is outlined in the diagrams below. Any person, other than a Panel Member, can submit a code amendment proposal to the Panel via AEMO. Proposals can be rejected if AEMO considers that the proposal is misconceived or lacking in substance.

Code amendment proposals must include details of the proposed amendment and supporting information (including reasons), be in writing and be submitted via email. Upon receipt of a Code amendment proposal, the Panel must assess it and, if necessary, may consult on and develop it. The necessity for consultation would be considered in accordance with the OTS Code objective and Division 2, Subdivision 2.1 under the NGR generally. Notice of a consultation must be published on the AEMO website within 5 business days of a proposal being referred to the Panel.



*50 business day requirement may be extended subject to the following flow chart.

OTS Code panel has 50 days to deliver a final IIR and Code amendment

