



**Application to the  
Australian Competition and Consumer Commission  
in respect of a Revision to the  
Access Arrangement for the Principal Transmission System  
by Victorian Energy Networks Corporation  
5 November 2004**

---

## **1 Applicant**

This application is made by the Victorian Energy Networks Corporation (VENCorp) of Level 2, Yarra Tower, World Trade Centre, Victoria 8005.

---

## **2 Nature of Application**

VENCorp has an approved access arrangement (**Access Arrangement**) in place for the Principal Transmission System for the period 1 January 2003 until 31 December 2012. Application is hereby made to the Australian Competition and Consumer Commission (**Commission**), the Relevant Regulator pursuant to section 2.28 of the National Third Party Access Code for Natural Gas Pipeline Systems (**National Access Code**), for approval under section 2.33 of the National Access Code of a revision to VENCorp's Access Arrangement, in respect of amendments to the MSO Rules (**Rule Amendments**) approved by the Board of Directors of VENCorp (**VENCorp Board**), as described in this application.

---

## **3 Introduction**

### **3.1 Background**

The Commission approved VENCorp's Access Arrangement under section 2.38(b)(i) of the National Access Code on 13 November 2002, effective from 1 January 2003 (Commission reference: C2001/768).

Clause 1.4 of the Access Arrangement states that the Market & System Operations Rules (**MSO Rules**) in force on 1 January 2003 form part of the Access Arrangement. Since January 2003 there have been several revisions to the MSO Rules, for which the Commission has granted variations of its authorisation of the MSO Rules. The Commission approved revisions to VENCorp's Access Arrangement on 4 February 2004 (Commission's file reference C2003/1480) which covered all MSO Rules amendments gazetted from 1 January 2003 to 26 February 2004.

### **3.2 Amendments to the MSO Rules**

The VENCorp Board approved the Rule Amendments at its meetings on 24 May and 28 September 2004.

In summary, the Rule Amendments:

- Clarify the allocation arrangements in times when Participants inject gas into the transmission system;
- correct drafting errors of minor to no material consequence. The changes clean up the MSO Rules or clarify the operation of existing clauses;

- clarify VENCORP's mandatory and discretionary actions when it decides to suspend, revoke the suspension or deregister a Market Participant;
- re-structure MSO Rules provisions relating to awarding of and liability for compensation for directions to inject gas and/or the application of an administered price cap under market suspension, force majeure, and IT failure preventing normal determination of market price. In so doing, the amendments do not alter the allocation of liabilities from the original intent when these rules were first developed and agreed by the Gas Market Consultative Committee (GMCC)<sup>1</sup>. The amendments involve:
  - transferring responsibility for determining how compensation is to be funded to the Compensation Panel as part of its determination on a claim, using the same methodology as originally agreed by the GMCC when developing the MSO Rules;
  - rationalisation of clauses 6.6.5 and 6.7.6 by transferring into a common clause 3.6.5A;
  - rationalisation of clause 3.6.6, with detailed funding provisions transferred to the compensation guidelines;
  - inserting a provision to allow Participants to claim for compensation when an administered price was caused by failure of VENCORP IT systems;
- involve further drafting amendments for clarity, with no material consequence;
- Amend the process for raising disputes and making revisions to settlement statements for billing periods both before and after implementation of full retail contestability ('FRC') on 26 October 2002. More specifically, the amendments:
  - remove existing inconsistencies and contradictions arising from the wording of clauses enacted to implement FRC on 26 October 2002; and
  - clarify and accurately reflect current practices.

The Rule Amendments are more particularly described in section 5 and in Annexure A to this application.

### 3.3 Impact on Authorisation of MSO Rules

VENCORP has concurrently applied to the Commission for a minor variation of the authorisations of the MSO Rules under section 91A of the Trade Practices Act 1974 (Cth) in respect of the Rule Amendments. As described in that application, the Rule Amendments do not affect, nor do they represent a material change to the effect of, the Commission's authorisation.

---

## 4 Revision of VENCORP's Access Arrangement

It is submitted that the Rule Amendments are not material and will not have any significant effect on the terms and conditions on which VENCORP would provide access to its services under the Access Arrangement.

Furthermore, section 2.33 of the National Access Code permits the Commission as the Relevant Regulator to approve proposed revisions to the Access Arrangement without requiring production of Access Arrangement Information or public consultation if:

- (a) *the revisions have been proposed by the Service Provider other than as required by the Access Arrangement; and*
- (b) *the Relevant Regulator considers that the revisions proposed are not material.*

---

<sup>1</sup> Gas Market Consultative committee, a Committee established by the VENCORP Board of directors to provide it with the representative views of the gas market participants on matters concerned with the MSO Rules and their operation.

Accordingly, to the extent that the Rule Amendments do constitute revisions of the Access Arrangement (as a result of VENCORP being required to comply with the MSO Rules), VENCORP requests that the Commission approve the revision of the Access Arrangement pursuant to sections 2.33 of the National Access Code.

---

## 5 Description of Rule Amendments

### 5.1 GAS INJECTED UNDER DIRECTION - ALLOCATING PARTICIPANT INJECTION QUANTITIES

#### 5.1.1 Rule Amendments

In 2003, MSO Rules changes were made that:

- clarified VENCORP's ability to utilise non-firm gas for intervention purposes, and
- provided for payment where the non-firm gas has been injected by a non-Market Participant (the then current rules only provided for payment to Market Participants).

It was recognised at the time of seeking approval for these rule changes that further work would be required to clarify how non-firm gas injections would be measured, bearing in mind that it is most likely that any such injection would be made at system injection points where injections are made by multiple parties and which are already subject to an allocation arrangement.

The MSO Rules are silent on allocation arrangements where a non-Market Participant injection is involved.

Currently, should an event arise where VENCORP directs non-firm gas to be injected into the system at a system injection point subject to an allocation arrangement, VENCORP would rely on reaching agreement with the Allocation Agent as to the quantity of gas injected under that direction.

It is recognised that this approach would not provide a sufficient degree of transparency in the market. This lack of transparency and definition on how to handle these injections could be expected to be more susceptible to dispute.

Further, clarification of the allocation arrangements is essential to allow VENCORP to establish internal processes that will allow it:

- to meet its daily obligation under the MSO Rules to estimate the market's financial exposure to each Market Participant's trading, and to ensure each Market Participant's financial security arrangements cover that exposure, and
- to meet its obligation to ensure the most accurate injection quantities are available for each Participant as input to the market settlement processes.
- At the request of the GMCC, the purpose of the proposed changes, which are set out in Annexure A, is to implement the following principles for allocating non-Market Participant injection:
- following the injection of non-firm gas, 10 business days are to be allowed for Participants to agree to an allocation methodology, and
- if an allocation methodology is not agreed and quantities cannot be determined within that period then the quantities will be determined under the MSO Rules dispute resolution process.

The GMCC did not wish for a detailed allocation process to be imposed on Participants through the MSO Rules, but instead to rely on the good intentions of Participants to resolve the issue by mutual agreement.

### 5.1.2 Consultation

The GMCC unanimously endorsed the Rule Amendments at its meeting held on 12 May 2004

### 5.1.3 VENCORP Board Acceptance

The VENCORP Board approved the Rule Amendments at its meeting on 24 May 2004

## 5.2 GENERAL MINOR AMENDMENTS

### 5.2.1 Rule Amendments

VENCORP has undertaken a review of the MSO Rules as part of a general clean up exercise.

The Rule Amendments, which are set out in Annexure A, correct minor drafting errors which are of no material consequence. These errors were identified over the course of operation within these rules. In addition, some minor drafting amendments are suggested for improved clarity.

The proposed changes are as follows:

1. Insert comma in clause 3.1.13(e) after "clause 3.1.13(b)"
2. Several sections of MSO Rules clause 3.1.13 refer to "injection inc/dec offer". This has been altered to remove the word "injection" before the words "inc/dec offer" so that it increases the obligation on participants relating to scheduling instructions that were issued in relation to withdrawal inc/dec offers as well as injection inc/dec offers.
3. Removal of the words "each hour of" in clause 3.2.1(f)(2)
4. Removal of the word "hourly" in clause 3.2.4
5. Change word "by" to "to" on second line of clause 3.6.7(a)(3) as ancillary payments are paid to market participants, not by market participants
6. Remove reference in clause 3.6.10 to clause 3.4 as clause 3.4 no longer exists
7. The word "rests" in MSO Rules clause 3.6.23(b) is a typo and should be "rates"
8. Alter clause 3.7.9 so that it reads "each business day", rather than "each day"
9. "reference" should be "registration" in MSO Rules Schedule 4.2 – 2(a)(1)
10. Since FRC - all tariff D sites must now have a metering installation whether they are second tier or not. So the words "other than the Customer's Host Retailer" in clause 4.4.2(c) can be deleted as they are redundant.
11. Correct the referral between clauses 4.4.24(g) and 4.2.24(f)
12. The wording of clause 4.4.25 has been altered to clarify whether these 3 confidential pieces of information come from either the Retail gas rules or the MSO Rules.
13. Delete words "aggregate total" in clause 5.1.4(b)(3)
14. Delete words "aggregate" and "availability" in clause 5.1.4(b)(4)
15. Delete 5.1.4(c)
16. Delete 5.1.4(d)
17. Move clause 5.1.4(e)(6) to make new clause 5.1.4(b)(11)
18. "publish" should be italicized in MSO Rules clause 5.3.5(b)
19. The confidentiality provision 7.2.10, when read in conjunction with clause 5.4.1, does not cover the dispute resolution process Advisor or dispute resolution panel members. The rules change resolves this by amending clause 5.4.1(a).

20. Amend clause 7.2.2(b) so that it aligns with the Retail Gas Market Rules clause 1.5.2(a)(iii).
21. Amend clause 7.2.2(d) so that it correctly refers to clause 1.5.2(a) instead of 1.5.2(b)
22. Amend clause 7.2.2(e) so that it links with the Retail Gas Market Rules clause 1.5.2(c). This will require VENCORP to consider the suitability of advisers in issues relating to Retail Gas Market Rules, instead of just MSO Rules issues.
23. Amend clause 8.8(a) to clarify when VENCORP notifies Participants of an ACCC determination of a rule change
24. Amend clause 8.8(b) to delete its reference to clause 8.8(d) as 8.8(d) no longer exists
25. As MSO Rules 10.3(d) currently stands, VENCORP needs to obtain the approval of "affected participants". The term "affected participants" in this clause was erroneously italicised. This incorrectly limits the requirement to participants with access to metering data. The original intention of this rule was that VENCORP obtain the agreement of all participants affected by the change irrespective of their rights to access metering data. While in practice, VENCORP has always sought the agreement of all participants that are affected by a change irrespective of their entitlement to access metering data, the MSOR are to be modified to make it clear that VENCORP should seek the agreement of all affected participants, not just those with metering data. This is achieved by un italicising the word "affected"
26. Amend the MSO Rules defined term host retailer to deal with customers using Albury Gas Company's distribution system in NSW.
27. Amend the MSO Rules defined term settlement statement to include revised statements, preliminary statements as well as final statements
28. Amend the MSO Rules defined term "publish" to include "or the VENCORP web site"

#### 5.2.2 Consultation

The GMCC unanimously endorsed the Rule Amendments at its meeting held on 14 July 2004

#### 5.2.3 VENCORP Board Acceptance

The VENCORP Board approved the Rule Amendments at its meeting on 28 September 2004

### 5.3 MINOR AMENDMENTS TO PARTICIPANT SUSPENSION CLAUSES

#### 5.3.1 Rule Amendments

The Rule Amendments, which are set out in Annexure A, clarify VENCORP's mandatory and discretionary actions when it decides to suspend, revoke the suspension or deregister a Market Participant.

Specifically the rules changes:

1. leave the current process leading to the initial suspension of a Market Participant unchanged;
2. ensure that VENCORP is entitled to place conditions, including, but not limited to the total prohibition of a Market Participant's injection and withdrawal of gas and the offering of inc/dec offers and nominations;
3. require VENCORP to specify a date at which time the Market Participant will be deregistered if they do not rectify the event/s that caused them to be suspended;
4. require VENCORP to specify in the suspension notice all conditions imposed by the suspension;

5. leave the current requirement that VENCORP revoke the suspension notice if the Participant is able to demonstrate prior to the deregistration date specified in the suspension notice that the Participant has:
  - a. rectified the default event,
  - b. remedied any failure to comply with the prudential requirements, and
  - c. rectified or remedied any other circumstance that existed which would entitle VENCORP to issue a suspension notice.
6. require VENCORP to deregister a Market Participant if the Market Participant has not been able to demonstrate that they have, by the deregistration date specified in the suspension notice, rectified the event that led to the issue of the suspension notice.

### 5.3.2 Consultation

The GMCC unanimously endorsed the Rule Amendments at its meeting held on 14 July 2004

### 5.3.3 VENCORP Board Acceptance

The VENCORP Board approved the Rule Amendments at its meeting on 28 September 2004

## 5.4 RE-STRUCTURING OF COMPENSATION CLAUSES

### 5.4.1 Rule Amendments

The compensation provisions within the MSO Rules allow Participants to claim compensation in most administered pricing periods, and also in times when VENCORP intervened. Under the existing MSO Rules, once a compensation claim is made, a Compensation Panel will be formed to decide how much compensation VENCORP would pay to Participants in accordance with compensation guidelines. The MSO Rules then define how VENCORP could collect money from Participants to fund those compensation payments.

Some of the issues with the current provisions are:

- The MSO Rules do not allow a Participant to claim compensation when an IT failure leads to an administered pricing event;
- The method for establishing the Compensation Panel does not currently give Participants sufficient opportunity to resolve compensation claims through negotiation beforehand;
- The process for establishing the Compensation Panel under the MSO Rules is repeated under two separate clauses (6.6.5 & 6.7.6);
- While the Compensation Panel is responsible for determining amounts of compensation payable to claimants, the assignment of liabilities for funding this compensation is defined in the MSO Rules with no discretion permitted; and,
- The current provisions in the MSO Rules defining assignment of liabilities for funding compensation do not accurately reflect the agreements of GMCC when developing this provision.

The Rule Amendments, which are set out in Annexure A, re-structure the MSO Rules provisions relating to awarding of and liability for compensation for directions to inject gas and/or the application of an administered price cap under market suspension, force majeure, and IT failure preventing normal determination of market price. In so doing, the amendments do not alter the functionality from the original intent agreed by the GMCC when originally developing these MSO Rules. They do however address the issues noted previously.

The amendments involve:

- transferring responsibility for determining how compensation is to be funded from VENCORP under the MSO Rules to the compensation panel as part of its determination on a claim, using the methodology agreed by the GMCC;
- rationalisation of clauses 6.6.5 and 6.7.6 by transferring into a common clause 3.6.5A;
- rationalisation of clause 3.6.6, with detailed funding provisions transferred to the compensation guidelines.

#### **5.4.2 Consultation**

The GMCC unanimously endorsed the Rule Amendments at its meeting held on 1 September 2004, subject to it finalising associated changes to the compensation guidelines. The GMCC subsequently endorsed the revised compensation guidelines with 10 in favour, 1 no response (market customer representative) and 1 abstention (end user representative).

#### **5.4.3 VENCORP Board Acceptance**

The VENCORP Board approved the Rule Amendments at its meeting on 28 September 2004

### **5.5 FURTHER GENERAL MINOR AMENDMENTS**

#### **5.5.1 Rule Amendments**

Following the first batch of general minor amendments, discussed under section 5.2, VENCORP uncovered some further minor editorial errors.

The Rule Amendments set out in Annexure A are designed to correct minor errors which are of minor to no material consequence.

The proposed changes are as follows:

1. replace the words "Trading amounts" in heading of clause 3.6.3 with "Amounts";
2. delete clause 3.6.3(a)(2);
3. delete defined terms "daily EoD linepack credit", "daily EoD linepack debit" and "standing EoD linepack bid".

#### **5.5.2 Consultation**

The GMCC unanimously endorsed the Rule Amendments at its meeting held on 11 August 2004

#### **5.5.3 VENCORP Board Acceptance**

The VENCORP Board approved the Rule Amendments at its meeting on 28 September 2004

### **5.6 AMENDMENTS TO SETTLEMENT REVISIONS/DISPUTES PROVISIONS**

#### **5.6.1 Rule Amendments**

Clauses 3.6.18 and 3.6.19 were updated as part of a batch of MSO Rules changes to facilitate implementation of full retail contestability ('FRC') on 26 October 2002. However, it has been found that the current provisions lead to procedural inconsistencies regarding revisions to and disputes on settlement statements occurring before and after commencement of FRC.

The Rule Amendments, which are set out in Annexure A, therefore:

- remove existing inconsistencies arising from the wording of clauses enacted to implement FRC on 26 October 2002; and
- clarify and accurately reflect current practices.

The amendments, accepted by industry, include:

- establishing a sunset on the time for disputes to be raised on a final settlement statement for a billing period ending pre-FRC start, by requiring disputes on amounts in pre-FRC final statements to be raised within 18 months of the issue of the final statement, consistent with the approach adopted for billing periods post-FRC start and with the intent at the time of enacting amendments to the MSO Rules for implementation of FRC.
- clarifying the application of the obligation on VENCORP to revise final statements 118 business days after issue only for billing periods post FRC start. This is an obligation only relevant to billing periods post FRC start, as before FRC it was not necessary to issue a M+118 revised statement.
- clarifying that the 18 month period during which VENCORP must revise a settlement statement if a material error is detected commences from the issue of a final statement (pre-FRC start) or the issue of a M+118 revised statement (post-FRC start).
- other minor amendments for clarification.

### 5.6.2 Consultation

The amendments to the MSO rules governing disputes on and revision of settlements statements were discussed at length at the GMCC meeting on 1 September 2004. While the GMCC indicated support for the majority of amendments, a proposal was put forward to extend the timeframe, from 12 to 18 months, in which disputes on, and revision of settlement statements could be made. It was agreed at that meeting that GMCC members would vote on the amendment via circular resolution in the proceeding weeks.

The result was 9 members in favour of the proposed amendments, 2 members indicating support for the majority of the amendments but opposition to the extension in time from 12 to 18 months, with 1 no response.

AGL indicated its support to the proposed MSO changes with the following exception (extract from e-mail received on 14 September 2004):

*AGL does not support the suggested amendment to extend the period for the raising of disputes and revision of settlement statements from 12 to 18 months at this stage.*

*Currently UAFG settlements are final and binding. Accordingly, if a change is made to VENCORP's settlement statements after the UAFG settlement is complete, it is not possible to alter the UAFG settlement taking account of the revised VENCORP settlements. This exposes participants to inconsistent settlements. Extending the period from which VENCORP statements can be revised exacerbates this problem.*

*AGL considers that until such time as there is allowance for revisions to UAFG settlements which coincide with the timing of the final VENCORP settlement statements, such a change should not proceed.*

This view was circulated to members of the GMCC seeking their feedback. Following this, on 14 September, Energex who had previously (on 6 September) indicated their endorsement of the amendment, reversed their position in respect of the extension in time from 12 to 18 months, on the basis that the extended period presented a greater period of uncertainty for Participants. All other GMCC Members maintained their positions on this issue as previously indicated.

### 5.6.3 VENCORP Board Acceptance

The VENCORP Board approved the Rule Amendments at its meeting on 28 September 2004 including the extension of the timeframe, from 12 to 18 months, in which disputes on, and revision of settlement statements could be made.



In reaching this decision, the Board considered that AGL and Energex had a valid point that a 12 month period would provide a greater certainty to Participants over an 18 month period. However, the Board also noted that leaving the timeframe for settlements revision at 12 months could prevent revisions to wholesale settlement information following the discovery of a data error in the wholesale settlements during the UAFG distribution washup process, and that this could create a potentially larger issue for Participants.

The Board noted that Essential Services Commission is to review the distribution UAFG washup process over the next year. Therefore, in the interim, the Board considered that the proposed extension of the time was the best outcome until the review of the UAFG washup arrangements was completed. In reaching its decision to approve the amendment to the MSO Rules to extend time for disputes to 18 months for the wholesale market, the Board considered that the wholesale market arrangements would be reviewed and amended once the distribution UAFG process is redefined, with the object of achieving an acceptable coordination of the two processes and balance of risks between each, and resulting in a shorter sunset period than 18 months for the wholesale market settlement process.

---

## **6 Consultation Process**

All Rule Amendments were considered by the GMCC, and details of consultation undertaken for the Rule Amendments are provided in Annexure B.

---

## **7 Conclusion**

### **7.1 Rule Amendments**

As demonstrated in Section 4 above, the Rule Amendments do not affect the fundamental principles or objectives of the Victorian gas market or the market design, which were the subject of extensive consultation during 2002 and which have already been approved by the Commission in its approval of VENCORP's Access Arrangement applying from 1 January 2003.

Rather, the Rule Amendments are minor in nature and merely seek to provide for further clarity in existing rules, or to generally improve the efficiency and effectiveness of the application of those rules in the conduct of the market.

Therefore, the Rule Amendments do not impact on the Access Arrangement in any material respect and they do not require any redrafting of the Access Arrangement.

### **7.2 Effective Date**

The revisions to the Access Arrangement outlined in this application are to come into effect on the date they are approved by the Commission.

### **7.3 Contact Details**

Any questions in relation to this application for revision of VENCORP's Access Arrangement should be directed to:

Craig Price  
Manager Market Development  
VENCORP  
PO Box 413  
World Trade Centre 8005

Phone: (03) 8664 6614  
Fax: (03) 8664 6511

## Annexure A MSO RULES – AMENDMENTS APPROVED BY VENCORP BOARD

### A.1 GAS INJECTED UNDER DIRECTION - ALLOCATING PARTICIPANT INJECTION QUANTITIES

(Proposed changes to the current MSO Rules are identified in the following as: strike through for deletions, underline for additions)

#### 3.5.2 Injection allocations

- (a) Subject to clause 3.5.2(o), where gas is injected, or tendered for injection, at a system injection point by more than one Market Participant, the Market Participants who inject gas, or tender gas for injection, at that system injection point must together appoint a single Allocation Agent to determine the quantity of gas which is to be treated as injected into the transmission system by each of those Market Participants from time to time at that system injection point.
- (o) Subject to clause 3.5.2(p), where gas is injected by two or more Participants at a system injection point in a trading interval and VENCORP has required one or more of those Participants to inject gas in accordance with clause 6.6.4 then:
- (1) the quantity of gas treated as having been injected by each Participant who has injected gas in accordance with clause 6.6.4 shall be determined using an allocation methodology agreed by all Participants who inject gas at that system injection point, and
  - (2) any Allocation Agent appointed for that system injection point must take the quantity of gas treated as having been injected by each Participant into account when determining the quantity of gas treated as having been injected by each Participant at that system injection point in that trading interval.
- (p) Where an allocation methodology cannot be agreed and the quantities cannot be determined in accordance with clause 3.5.2(o) within 10 business days of the trading interval in which the gas was injected, then determination of the quantities of gas to be treated as injected by each Participant must be determined using the dispute resolution procedures under clause 7.2.
- (q) Where an allocation methodology has not been agreed in accordance with clause 3.5.2(o) or quantities of gas have not been determined in accordance with 3.5.2(p) VENCORP must, for the purposes of:
- (1) monitoring VENCORP's estimated exposure to Market Participants under clause 3.7.9;
  - (2) the issue of the preliminary statement for a billing period;
  - (3) the issue of the final statement for a billing period; and/or
  - (4) the issue of the revised statement for a billing period.
- estimate the quantity of gas treated as having been injected by each Participant at the relevant system injection point and VENCORP must advise any Allocation Agent appointed in accordance with clause 3.5.2(a) for that system injection point accordingly.
- (r) VENCORP must develop and publish a methodology for the purpose of estimating the quantities of gas to be treated as injected by each Participant under clause 3.5.2(q).
- (s) Where the quantities of gas to be treated as injected by each Participant have been determined using the dispute resolution procedures under clause 7.2 VENCORP must advise any Allocation Agent appointed for the system injection point subject to that determination, and must do so within 5 business days of being advised of the determination having been made.
- (t) An Allocation Agent advised of quantities of gas in accordance with clauses 3.5.2(q) or 3.5.2(s) must take the quantity of gas treated as having been injected by each Participant into account

Deleted: w

Deleted:

when determining the quantity of gas treated as having been injected by each *Participant* at that system injection point in that trading interval.

## A.2 GENERAL MINOR AMENDMENTS

(Proposed changes to the current MSO Rules are identified in the following as: strike through for deletions, underline for additions)

### 3.1.13 Failure to conform to scheduling instructions

- (d) A *Market Participant* is not obliged to comply with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*:
- (1) to the extent that it is unable to do so due to a *participant force majeure event* determined in accordance with clause 3.1.13(dc); or
  - (2) if in the case of the *Market Participant*, not being a *Producer* or *Storage Provider*, having ordered a quantity of gas from a *Producer* or other person to enable it to comply with that *injection nomination* or *inc/dec offer* and that *Producer* or other person was only required, under the terms of its contract with that *Market Participant*, to use its reasonable endeavours to deliver that quantity of gas and that *Producer* or other person does not in fact deliver that quantity of gas; or
  - (3) if in the case of the *Market Participant* also being a *Producer* or *Storage Provider* that *Market Participant* has used its reasonable endeavours to deliver that quantity of *gas* but has not in fact delivered that quantity of *gas* provided that *Market Participant* has made its *injection nomination* or an *inc/dec offer* in good faith.
- (da) In clause 3.1, an *injection nomination* or an *inc/dec offer* is taken to be made in good faith if at the time of making an *injection nomination* or *inc/dec offer*, the *Market Participant* had a genuine intention to honour that *injection nomination* or *inc/dec offer* if the material conditions and circumstances upon which the *injection nomination* or an *inc/dec offer* was based remained unchanged.
- (e) Subject to clause 3.1.13(b), if a *Market Participant* fails to comply in any material respect (as determined by *VENCorp* in its reasonable opinion) with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer* and is not excused from complying with that *scheduling instruction* under clause 3.1.13(d), then:
- (1) the gas injection or gas withdrawal which is the subject of that *scheduling instruction* must be declared by *VENCorp* to be non-conforming; and
  - (2) the relevant *Market Participant* may be liable to pay financial penalties or other sanctions imposed under the *Gas Industry Act* for breach of these Rules.

Deleted: injection

Deleted: injection

Deleted: injection

Deleted: injection

Deleted: injection

Deleted: injection

Deleted: s

Deleted:

### 3.2.1 Determination of market price

- (f) The *pricing schedule* for a *gas day* will determine:
- (1) the *market price* for each *pricing zone* for that *gas day*;
  - (2) the quantity of gas that each *Market Participant* would have been *scheduled* to inject and/or withdraw in the *gas day* on the basis of the inputs and assumptions applied under clause 3.2.1(c).

Deleted: each hour of

### 3.2.4 VoLL

- (a) If injections and withdrawals of gas as determined under clause 3.2.1(f)(2) imply that *curtailment* would have occurred in a *pricing zone* in a *trading interval* (whether or not

Deleted: hourly

curtailment actually occurs) the *market price* for that *pricing zone* and that *trading interval* is *VoLL*.

3.6.7 Ancillary payments

- (a) (3) If the *administered price cap* applies during a *trading interval*, then for the purposes of determining *ancillary payments* payable to a *Market Participant* under this clause 3.6.7 any injection or withdrawal of gas by that *Market Participant* is deemed to be made in accordance with an *inc/dec offer* for which the *price steps* are deemed to be no greater than the *administered price cap*.

Deleted: by

3.6.10 Linepack account

- (a) *VENCorp* must maintain a *linepack account* for the purpose of recording the *linepack credit* or *linepack debit* which is required to be made in respect of each *gas day* (as determined in accordance with clause 3.6.10(c)).
- (b) *VENCorp* must record in the *linepack account* all *linepack credits* and *linepack debits*.
- (c) *VENCorp* must determine the amount of any *linepack credit* or *linepack debit* which it is required to record in the *linepack account* in respect of each *gas day* in accordance with the following formula:

$$Q = (I - W) \times PM$$

Deleted: - EDL

Where:

- Q** is the amount of the *linepack debit* (where Q is a positive amount) or the amount of the *linepack credit* (where Q is a negative amount) in respect of that *gas day*;
- I** is the total quantity of gas injected into the *transmission system* during that *gas day*;
- W** is the total quantity of gas withdrawn from the *transmission system* during that *gas day*;
- PM** is the *market price* for that *gas day*.
- (d) The *linepack account* must record both quantities, expressed in joules, and monetary values.

Deleted: EDL is the aggregate quantity of *EoD linepack* purchased by *Market Participants* in respect of that *gas day* in accordance with clause 3.4.2; and¶

3.6.23 Interest on overdue amounts

- (a) A *Market Participant* or *VENCorp*, as the case may be, must pay interest on any unpaid moneys due and payable by it under this clause 3.6.
- (b) The rate of interest payable under clause 3.6.23(a) is the *default interest rate* calculated as simple interest on a daily basis from the date payment was due, up to and including the date on which payment is made, with interest compounding on monthly *rates* on the last day of each month whilst the unpaid moneys remain outstanding.

Deleted: rests

3.7.9 Monitoring

- (a) Each *business day*, *VENCorp* must review its estimated exposure to each *Market Participant* in respect of previous *billing periods* under these Rules and the *Retail Gas Market Rules*.

Deleted: day

SCHEDULE 4.2 METERING REGISTER

2. Metering register information

*Metering* information to be contained in the *metering register* should include such information as *VENCorp* considers reasonably necessary and by way of example, may include the following:

- (a) *Meter* identification:

- (1) *metering installation registration* number (MIRN);
- (2) logical meter identification - if a logical meter; and
- (3) logical meter algorithm - if a logical meter.

Deleted: reference

#### 4.4.2 Obligations of Market Participants to establish metering installations

- (c) Before a *Market Participant* can inject gas at a *connection point* on a *distribution pipeline*, or withdraw or supply gas for withdrawal at a *distribution delivery point* from which a tariff D *Customer* purchases gas from a *Retailer*, the *Market Participant* must in respect of that *connection point* or *distribution delivery point*:
  - (1) ensure that there is a *metering installation* at that *connection point* or *distribution delivery point*;
  - (2) ensure that *metering installation* is installed in accordance with this clause 4.4 and is accurate in accordance with clause 4.4.8; and
  - (3) register that *metering installation* with *VENCorp*.

Deleted: other than the *Customer's Host Retailer*,

#### 4.4.24 Data validation and substitution

- (g) If an *affected Participant* disputes a substitution made by *VENCorp* pursuant to this clause 4.4.24, the following provisions apply:
  - (1) the *affected Participant* must give notice of the dispute and the matters dispute to *VENCorp*;
  - (2) as soon as reasonably practicable after receiving a notice pursuant to paragraph (1), *VENCorp* must give notice of the dispute and the matters disputed to each *affected Participant*;
  - (3) the *affected Participants* must use their reasonable endeavours to resolve the dispute and agree the substituted readings; and
  - (4) if the dispute has not been resolved by the *affected Participants* on or before the second *business day* prior to the next date on which *VENCorp* is required to issue *final statements*, *VENCorp* must use the substituted readings determined by it pursuant to clause 4.4.24(f) and the dispute must be referred to the *Adviser* for resolution in accordance with clause 7.2.

Deleted: 4.4.24(i)

#### 4.4.25 Confidentiality

Data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules* and all *metering data* and all passwords provided in accordance with clause 4.4 of these rules are confidential and each *Participant* must ensure that they are treated as *confidential information* in accordance with these Rules.

Deleted: *Metering data* and d

#### 5.1.4 Spot market

- (a) *VENCorp* must *publish preliminary operating schedules* and *final operating schedules* in accordance with and at the times specified in clause 3.1.
- (b) Each *preliminary operating schedule* and *final operating schedule* must include the following details for the relevant *gas day* in respect of the *transmission system* unless otherwise specified below:
  - (1) forecasts of the most probable peak daily demand and peak hourly demand and the times at which those peaks are forecast to occur;
  - (2) forecasts of peak hourly demand which *VENCorp* predicts to have a 10% and 90% probability respectively of being exceeded and the time at which those peaks are forecast to occur;
  - (3) forecasts of the demand for each *trading interval*;
  - (4) forecast supply for each *trading interval*;

Deleted: aggregate total

Deleted: aggregate

Deleted: availability

- (5) details of forecast threats to *system security*, including the forecast time, location and extent of each such threat;
- (6) forecasts of the *market price* for each *trading interval* and each *pricing zone*; and
- (7) details of the expected sensitivity of the forecast *market prices* to changes in the forecast demand or supply availability;
- (8) forecast locational prices for each hour of the *gas day*;
- (9) forecast *EoD linepack*;
- (10) the linepack which *VENCorp* requires in respect of that *gas day*; and
- (11) details of the total quantity of gas *scheduled* in accordance with *withdrawal inc/dec offers* in each *system withdrawal zone* or such other area that *VENCorp* considers appropriate having regard to the commercial sensitivity of information relating to the demand and consumption patterns of *Customers* and the requirements of clause 5.2.4(f).

Deleted: and

Deleted: .

- (e) By 4.00pm each day, *VENCorp* must *publish* for each *trading interval* in the previous *gas day*:
  - (1) the *market price*;
  - (2) the aggregate quantity of withdrawals of gas from each *system withdrawal zone* or such other area that *VENCorp* considers appropriate having regard to the commercial sensitivity of information relating to the demand and consumption patterns of *Customers* and the requirements of clause 5.2.4(f);
  - (3) without limitation, prices and quantities of gas specified in *inc/dec offers*;
  - (4) aggregate quantities of gas specified in *nominations*;
  - (5) details of the total quantity of gas injected into the *transmission system* at each *system injection point*;

Deleted: (c) If *VENCorp* considers there to be a significant change in a forecast *market price*, *VENCorp* must identify and, as soon as practicable, *publish* the cause of such a change, including but not limited to the impact of any change.¶  
 (d) As soon as practicable after the end of each *trading interval*, *VENCorp* must *publish* its best estimate of the *market price* for that *trading interval*.¶

### 5.3.5 Transfer of authorised MDQ or AMDQ credit certificates

- (b) *VENCorp* must develop and *publish* procedures for the transfer of *authorised MDQ* or *AMDQ credit certificates* between parties in accordance with this clause 5.3.5 and must do so in consultation with *Participants* and other persons *VENCorp* reasonably considers may have an interest in the development of those procedures.

Deleted: (6) details of the total quantity of gas *scheduled* in accordance with *withdrawal inc/dec offers* in each *system withdrawal zone* or such other area that *VENCorp* considers appropriate having regard to the commercial sensitivity of information relating to the demand and consumption patterns of *Customers* and the requirements of clause 5.2.4(f); ¶

Deleted: publish

### 5.4.1 Confidentiality

- (a) The *Advisor* and *dispute resolution panel* members appointed in accordance with clause 7.2, each *Participant* and *VENCorp* must keep confidential any *confidential information* which comes into their possession or control of which they become aware.

Deleted: Each *Participant* and *VENCorp* must keep confidential any *confidential information* which comes into the possession or control of that *Participant* or *VENCorp* of which the *Participant* or *VENCorp* (as the case may be) becomes aware.

### 7.2.2 Appointment of Adviser and panel group

- (a) *VENCorp* must appoint a person from time to time to be the *Adviser*:
  - (1) for a term of three years (subject to clause 7.2.2(d)) and the *Adviser* is then eligible for reappointment;
  - (2) on such other terms and conditions as *VENCorp* may determine; and
  - (3) who must satisfy the criteria set out in clause 7.2.2(b).
- (b) The *Adviser* must, in the reasonable opinion of *VENCorp*, not be a *Participant* or have a current material association, directly or indirectly, with a *Participant* or *VENCorp*.
- (c) In appointing the *Adviser*, *VENCorp* must have regard to the extent to which the *Adviser*:
  - (1) has a detailed understanding and experience of alternative dispute resolution practice and procedures which do not involve litigation;
  - (2) has the capacity to determine the most appropriate alternative dispute resolution procedures in particular circumstances; and

- (3) has an understanding of the gas industry.
- (d) If the *Adviser* does not, in the reasonable opinion of *VENCorp*, continue to meet the requirements of clause 7.2.2(b) or clause 1.5.2(a) of the *Retail Gas Market Rules*, *VENCorp* may terminate the appointment of the *Adviser* and appoint a new *Adviser*.
- (e) *VENCorp*, in consultation with the *Adviser*, must select at least seven persons to constitute the group from which a *dispute resolution panel* can be selected in accordance with clause 7.2.4(a)(2) and (3) of these Rules and clause 1.5.2(c) of the *Retail Gas Market Rules*.
- (f) Subject to clause 7.2.2(h), each person appointed to the group under clause 7.2.2(e):
  - (1) is appointed for one year and is then eligible for reappointment; and
  - (2) is appointed on such other terms and conditions as *VENCorp* determines.
- (g) In appointing the group under clause 7.2.2(e), *VENCorp* and the *Adviser* must have regard to the extent to which the members of the group between them:
  - (1) have some understanding and experience of alternative dispute resolution practice and procedures which do not involve litigation; and
  - (2) have an understanding of the gas industry.
- (h) *VENCorp* may change the composition of the group selected under clause 7.2.2(e) from time to time in consultation with the *Adviser*.

Deleted: b

### 8.8 IMPLEMENTATION OF RULE CHANGE

- (a) If the *Regulator* has granted an authorisation (including a variation of an existing authorisation) or approved an *access arrangement* (including amendment of an existing *access arrangement*) as contemplated by clause 8.7, *VENCorp* must provide written notice of the Rule change to all *Participants* as soon as practicable and in any event within 5 business days from the date the determination takes effect.
- (b) A notice to *Participants* provided by *VENCorp* under clause 8.8(a) must specify the date on which the Rule change is to take effect which must be a date no more than seven days after that notice is sent to *Participants* by *VENCorp*, unless:
  - (1) *VENCorp* in its absolute discretion considers there to be justification for implementing the Rule change with effect from a date more than seven days after that notice is sent to *Participants*; or
  - (2) these Rules require the Rule change to take effect after or within a particular period which is more than seven days after that notice is sent to *Participants*, in which case the Rule change will take effect on the date specified in that notice.

Deleted: ten

Deleted: of receiving notification of the *Regulator's* approval.

Deleted: , subject to clause 8.8(d).

### 10.3 TIMES AND DATES

- (d) Notwithstanding any other provision of these Rules, *VENCorp* may, with the prior agreement of all affected *Participants*, amend any amount, date, time or period of time specified in these Rules in any particular case or generally, whether before or after the expiry of that date, time or period of time as the case may be, provided that if such agreement is not obtained, *VENCorp* may, on notice given to all affected *Participants* and with the approval of the *Regulator*, amend any such amount, date, time or period of time in any particular case or generally, whether before or after the expiry of that date, time or period of time, as the case may be.

Deleted: affected

Deleted: affected

11. GLOSSARY

Host Retailer	For the distribution system operated by TXU Networks (Gas) Pty Ltd (ACN 086 015 036) and its successors the <i>Host Retailer</i> is Pulse Energy Pty Ltd (ACN 090 538 337) and its successors. For the distribution system operated by Vic Gas Distribution Pty Ltd (ACN 085 899 001) and its successors the <i>Host Retailer</i> is TXU Pty Ltd (ACN 086 014 968) and its successors. <u>For the distribution system operated by The Albury Gas Co Ltd (ACN 000 001 249) and its successors the <i>Host Retailer</i> is TXU Pty Ltd (ACN 086 014 968) and its successors.</u> For the distribution system operated by Multinet Gas (DB N0 1) Pty Ltd (ACN 086 026 986) and Multinet Gas (DB N0 2) Pty Ltd (ACN 086 230 122) (trading as "Multinet Partnership") and its successors the <i>Host Retailer</i> is Origin Energy (Vic) Pty Ltd (ACN 086 013 283) and its successors.
publish	The posting of information on the <i>market information bulletin board</i> <u>or the VENC Corp web site.</u>
settlement statement	A statement issued by <i>VENC Corp</i> in the form of a <u>preliminary statement under clause 3.6.14, a final statement under clause 3.6.15 or a revised statement under clause 3.6.19.</u>

A.3 MINOR AMENDMENTS TO PARTICIPANT SUSPENSION CLAUSES

(Proposed changes to the current MSO Rules are identified in the following as: strike through for deletions, underline for additions)

2.3 SUSPENSION

- (a) Subject to clause 2.3(b), if a *Market Participant* receives a *suspension notice* from *VENC Corp* in accordance with any provision of these Rules, that *Market Participant* is suspended from participation in the *market* in accordance with the suspension notice unless and until *VENC Corp* in its absolute discretion declares the *suspension notice* to be revoked in accordance with clause 3.7.7.

3.6.21 Payment default procedure

- (c) If:
- (2) ~~a default event is not remedied within 24 hours of the issue of the default notice or any later deadline agreed to in writing by VENC Corp; or~~
- (3) *VENC Corp* receives notice from the defaulting *Market Participant* that it is not likely to remedy the default specified in the *default notice*,
- then *VENC Corp* must issue a *suspension notice* in accordance with clause 3.7.7.

3.7.7 Suspension of a Market Participant

- (a) When issuing a *suspension notice* under these Rules, *VENC Corp* must:
- (1) publish the *suspension notice*;

**Deleted:** (1) *VENC Corp* considers that a *default event* is not capable of remedy in accordance with clause 3.6.21(b)(2); or¶

**Deleted:** may

**Deleted:** under which *VENC Corp* notifies the defaulting *Market Participant* that it is prohibited from doing all or any of the following things:¶  
(4) submitting *nominations, inc/dec offers* and/or *EoD linepack bids*¶  
(5) injecting gas, or tendering gas for injection, into the *transmission system*; or¶  
(6) withdrawing gas, or tendering gas for withdrawal, from the *transmission system*.

**Deleted:** As soon as practicable after

**Deleted:** is issued by *VENC Corp*

**Deleted:** and



- (2) as soon as practicable place a notice in a newspaper generally circulating in Victoria stating that the *Market Participant* has been suspended;
- (3) specify in the *suspension notice* the conditions applied to the suspended *Market Participant*, which may include, but is not limited to:
- (A) submitting *nominations* and/or *inc/dec offers*;
- (B) injecting gas, or tendering gas for injection, into the *transmission system*; or;
- (C) withdrawing gas, or tendering gas for withdrawal, from the *transmission system*;
- (4) specify a date in the *suspension notice* upon which that *Market Participant* will be deregistered if the *suspension notice* has not been revoked under clause 3.7.7(b); and
- (5) specify a date in the *suspension notice* from which the suspension will commence.
- (b) Prior to the date specified in 3.7.7(a)(4), *VENCorp* must revoke a *suspension notice* if:
- (1) in the case of a *default event*, the *default event* is remedied; or
- (2) in the case of a failure to maintain compliance with *prudential requirements* under this clause 3.7, that failure has been remedied; and
- (3) there are no other circumstances in existence which would entitle *VENCorp* to issue a *suspension notice*,
- (c) If a *suspension notice* is revoked, *VENCorp* must publicise that fact in the same manner in which the *suspension notice* was publicised in accordance with clause 3.7.7(a).
- (e) A *Market Participant* must comply with a *suspension notice* issued to it under these Rules.
- (f) Following the issue of a *suspension notice* to a *Market Participant*, *VENCorp* may do all or any of the following to give effect to the *suspension notice*:
- (1) reject any *nomination* or *inc/dec offer* submitted by that *Market Participant*,
- (2) refuse to accept delivery of any gas injected, or tendered for injection, by that *Market Participant*,
- (3) take such action as *VENCorp* considers necessary to prevent that *Market Participant* from injecting or withdrawing gas, including without limitation taking any action necessary to *curtail* the supply of gas to that *Market Participant*, and
- (4) withhold the payment of any amounts otherwise due to that *Market Participant* under these Rules.
- (g) If *VENCorp* does any of the things referred to in clause 3.7.7(f) it must promptly *publish* a notice of that fact.
- (ga) If a *suspension notice* has been issued to a *Market Participant*, and that *suspension notice* has not been revoked under clause 3.7.7(b), then on the date specified under 3.7.7(a)(4), *VENCorp* must deregister that *Market Participant* and *publish* a notice to that effect.

Deleted: .

Deleted:

Deleted: except that *VENCorp* must not revoke a *suspension notice* more than one month after it was issued.¶

Deleted: (d)

Deleted: From the time that *VENCorp* issues a *suspension notice* to a *Market Participant* under these Rules, the *Market Participant* is ineligible to submit *nominations*, *inc/dec offers* or *EoD linepack bids* to the extent specified in the notice, until such time as *VENCorp* notifies the *Market Participant* and all other relevant *Market Participants* that the suspension has been revoked.¶

Deleted: .

Deleted: or *EoD linepack bid*

Deleted: (h) If:¶  
 (1) *VENCorp* has issued a *suspension notice* to a *Market Participant* due to a *default event* and in *VENCorp's* reasonable opinion the *Market Participant* is incapable of rectifying the *default event* for any reason; or¶  
 (2) *VENCorp* has issued a *suspension notice* to a *Market Participant* due to a failure by the *Market Participant* to continue to satisfy the *prudential requirements* and in *VENCorp's* reasonable opinion the *Market Participant* is incapable of rectifying that failure for any reason,¶  
*VENCorp* must deregister that *Market Participant* as soon as practicable and promptly *publish* a notice of that fact.¶

3.7.10 Margin calls

- (e) If a *Market Participant* fails to satisfy a *margin call* by providing an additional security or making a prepayment under clause 3.7.10(b) within the time referred to in that clause, then *VENCorp* must give the *Market Participant* a *suspension notice* in accordance with clause 3.7.7.

Deleted: .

## A.4 RE-STRUCTURING OF COMPENSATION CLAUSES

(Proposed changes to the current MSO Rules are identified in the following as: strike through for deletions, underline for additions)

### 3.6.5A Establishment of the Compensation Panel

- (a) A Participant who wishes to make a claim under clauses 6.6.5 or 6.7.6 must submit notice of its claim to VENC Corp within ten business days following the issue of the final statement for that trading interval in which the Participant made the injection of gas referred to in the claim.
- (b) Subject to clause 3.6.5A(c), when a Participant notifies VENC Corp of their intention to claim compensation under clauses 6.6.5 or 6.7.6, that Participant must specify a date from which VENC Corp has five business days to request the Adviser to establish the compensation panel under clause 3.6.5A(e).
- (c) The date specified in clause 3.6.5A(b) must be no greater than thirty business days following the issue of the final statement for the trading interval for which the claim has been made.
- (d) A Participant may withdraw a claim at any time. Where the claim is withdrawn after referral by VENC Corp to the Adviser, the Participant will pay any costs of the Adviser in establishing the compensation panel and costs of any members of the compensation panel arising from their consideration of the claim.
- (e) If a Participant has not withdrawn a claim under clause 3.6.5A(d), then VENC Corp must:
  - (1) within five business days of the date specified in clause 3.6.5A(b), request the Adviser to establish a compensation panel to determine whether it is appropriate in all the circumstances for compensation to be paid and, if so, to determine an appropriate amount of compensation; and
  - (2) refer the claim to the Adviser for determination by the compensation panel.
- (f) The Adviser must:
  - (1) within five business days of receiving a request from VENC Corp, establish a compensation panel of three members from the group of persons referred to in clause 7.2.2; and
  - (2) be satisfied that the persons it chooses to comprise the compensation panel do not have any interests which could conflict with an impartial decision.
- (g) Upon a referral of a claim to it, the compensation panel must make a determination pursuant to clause 3.6.6 and notify VENC Corp of that determination as soon as practicable but in any event within twenty business days following the establishment of the compensation panel under clause 3.6.5A(f) (or such longer period as the Adviser may permit following a request by the compensation panel for an extension of time).
- (h) The compensation panel must conduct itself on the same basis as a dispute resolution panel under clause 7.2.4.
- (i) In consultation with Participants, VENC Corp must develop and update compensation guidelines which describe the principles and methodology upon which the compensation panel will base its determination of amounts payable under clause 3.6.6.

### 3.6.6 Determinations by Compensation Panel

Deleted: Funding compensation payments

- (a) The *compensation panel* must make a determination in accordance the *compensation guidelines* on:
- (1) amounts of compensation to be paid by *VENCorp* to a *Participant* in respect of claims made by that *Participant* under clauses 6.6.5 or 6.7.6; and
  - (2) amounts to be paid to *VENCorp* by *Market Participants* and *Transmission Pipeline Owners*, including amounts to be paid to *VENCorp* from the *linepack account*, to fund compensation payment amounts determined under clause 3.6.6(a)(1).
- (b) The *compensation panel* must notify *VENCorp* of the methodology used to reach its determination on amounts payable under clause 3.6.6(a) and the reasons for its decisions in this regard.
- (c) *VENCorp* must provide the details provided by the *compensation panel* under clause 3.6.6(b), excluding all *confidential information*, to all affected *Participants* as soon as reasonable.
- (d) For the avoidance of doubt, the total of amounts determined by the *compensation panel* under 3.6.6(a)(2) must equal the total of amounts determined by it under 3.6.6(a)(1).
- (e) If the *compensation panel* makes a determination that compensation should be paid to a *Participant*, *VENCorp* must pay that *Participant* those amounts and must advise the *Participant* as soon as practicable of the determination and of the date *VENCorp* intends to pay the *Participant*.
- (f) *VENCorp* must pay interest on the amounts determined in accordance with clause 3.6.6(a)(1) at the *interest rate* from the day following the date of the next payment of *settlement amounts* made under clause 3.6.17 following the determination of the *compensation panel* to the date when *VENCorp* actually pays the *Participant* the amount of the compensation determined. Interest is to be calculated on a daily basis and aggregated for the period.
- (g) If the *compensation panel* determines that an amount is payable in respect of compensation claimed by a *Participant* in accordance with clause 6.6.5 or 6.7.6, then *VENCorp* is entitled to recover those payments from *Participants* in accordance with this clause 3.6.6 and each *Market Participant* and *Transmission Pipeline Owner* must pay to *VENCorp* an amount determined in accordance with this clause 3.6.6.
- (h) In making its determination under clause 3.6.6(a)(2) of amounts payable by *Market Participants*, if the *compensation panel* determines that an amount is payable from the *linepack account* to *VENCorp* to fund compensation payments determined under clause 3.6.6(a)(1), then *VENCorp* shall be entitled to be paid this amount from the *linepack account*.
- (i) If the *compensation panel* determines that an amount is payable by a *Market Participant* or *Transmission Pipeline Owner* under clause 3.6.6(a)(2) then *VENCorp* must seek the direction the Board of Directors of *VENCorp* as to the manner by which that amount is to be paid to *VENCorp* by that *Market Participant* or *Transmission Pipeline Owner*. *VENCorp* must seek that direction at the next meeting of the Board for which submissions are still being received. The Board may determine that the payment be paid in instalments or deferred for a specified period of time.
- (j) If the Board of Directors of *VENCorp* under clause 3.6.6(i):
- (1) (A) fails to make a determination at the Board meeting to which *VENCorp* has made a submission, or
  - (B) determines not to defer the amount payable, and

**Deleted:** a

**Deleted:** is to be paid to

**Deleted:** , or amounts are payable to *VENCorp* in accordance with clause 6.6.6

**Deleted:** ¶

**Deleted:** (b) If:¶  
 (1) *VENCorp* has instructed a *Participant* to inject gas in accordance with clause 6.6.4, ¶  
 Clauses 3.6.6(b)(2) deleted by notice in the Government Gazette dated 19 June 2003.¶  
 ¶  
 and¶  
 (3) that *Participant* or person is entitled to be paid compensation in accordance with clause 6.6.5 or 6.7.6, or amounts are payable by *VENCorp* in accordance with clause 6.6.6, and ¶  
 (4) as a result of that injection there is a net increase in the quantity of system linepack over a *trading interval* greater than that scheduled by *VENCorp* for that *trading interval* ¶

**Deleted:** an amount

**Deleted:** calculated as:¶  
 if  $Q_{LA} - Q_{LS} > 0$  and  $Q_{LA} - Q_{LS} \leq Q_{AG}$  ¶  
 then  $R_{LA} = CPT \times \frac{Q_{LA} - Q_{LS}}{Q_{AG}}$  ¶  
 if  $Q_{LA} - Q_{LS} > 0$  and  $Q_{LA} - Q_{LS} > Q_{AG}$  ¶  
 then  $R_{LA} = CPT$ ; or¶  
 if  $Q_{LA} - Q_{LS} \leq 0$  ¶  
 then  $R_{LA} = 0$  ¶  
 Where:¶  
 $R_{LA}$  is the amount in \$ of the payment to be paid to *VENCorp* from the *linepack account*¶  
 $CPT$  is the sum of the amounts in \$ of compensation payable by *VENCorp* to all *Participants* for that *trading interval* determined in accordance with clauses 6.6.5 or 6.7.6, or amounts payable to *VENCorp* in accordance with clause 6.5.2(e).¶  
 $Q_{LA}$  is the actual total amount in GJ of system linepack increase for that *trading interval* ¶  
 $Q_{LS}$  is the total amount in GJ of system linepack increase last scheduled by *VENCorp* for that *trading interval*, and¶  
 $Q_{AG}$  is the sum of the amount ... [1]

**Deleted:** ¶

**Deleted:** c

**Deleted:** *VENCorp*

**Deleted:** the

**Deleted:** this

**Deleted:** ca

**Deleted:** c

(C) determines not to allow the payment of the amount payable by instalment,

then *VENCorp* must include the whole of the amount payable in the next settlement statement following the Board of Directors meeting.

(2) determines that:

(A) the amount payable shall be paid in instalments, or

(B) the payment of the amount payable shall be deferred for a specified period of time

then *VENCorp* must include in the next settlement statement following the Board of Directors determination, the details of the total amount to be paid by that *Market Participant*, the instalment amounts to be paid and the dates by which each instalment is to be paid or the deferred date by which the whole amount is to be paid, as the case may be.

Deleted: preliminary statement issued to that *Market Participant* in accordance with clause 3.6.14

Deleted: preliminary statement to a *Market Participant* issued in accordance with clause 3.6.14

(k) Market Participants and Transmission Pipeline Owners must pay interest on amounts determined in accordance with clause 3.6.6(a)(2) at the *interest rate* from the day following the date of the next payment of *settlement amounts* following the determination of the *compensation panel* to the date when the *Market Participant* or Transmission Pipeline Owner actually pays the amount to *VENCorp*. Interest is to be calculated on a daily basis and aggregated for the period.

Deleted: d

Deleted: this

### 3.6.12 Linepack payments

(a) *VENCorp* must clear the balance on the *linepack account* each month by charging or making payments to *Market Participants* in accordance with this clause 3.6.12.

(b) If the sum of daily *linepack debits* for the relevant month plus the sum of payments made to *VENCorp* in accordance with clause 3.6.6(h) for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c)) is a positive amount, each *Market Participant* who withdrew gas from the *transmission system* in that month must pay *VENCorp* an amount calculated as follows:

Deleted: b

$$PM = \frac{DB \times QW_i}{\Sigma QW_i}$$

Where:

**PM** is the amount which the *Market Participant* must pay;

**DB** is the sum of daily *linepack debits* for the relevant month plus the sum of payments made to *VENCorp* in accordance with clause 3.6.6(h) for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c));

Deleted: b

**QW<sub>i</sub>** is the quantity of gas withdrawn from the *transmission system* by that *Market Participant* in that month; and

**ΣQW<sub>i</sub>** is the total quantity of gas withdrawn from the *transmission system* by all *Market Participants* in that month.

(c) If the sum of daily *linepack debits* for the relevant month plus the sum of payments made to *VENCorp* in accordance with clause 3.6.6(h) for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c)) is a negative amount, *VENCorp* must pay each *Market Participant*

Deleted: b

who withdrew gas from the *transmission system* in that month an amount calculated as follows:

$$PV = \frac{CB \times QW_i}{\Sigma QW_i}$$

Where:

**PV** is the amount which *VENCorp* is required to pay to the *Market Participant*;

**CB** is the sum of daily *linepack debits* for the relevant month plus the sum of payments made to *VENCorp* in accordance with clause 3.6.6(h) for the relevant month less the absolute sum of daily *linepack credits* for the relevant month (as determined under clause 3.6.10(c));

**QW<sub>i</sub>** is as defined in clause 3.6.12(b); and

**ΣQW<sub>i</sub>** is as defined in clause 3.6.12(b).

- (d) Any amount which a *Market Participant* or *VENCorp* must pay pursuant to this clause 3.6.12 must be included by *VENCorp* in the *Market Participant's settlement statement* for the relevant month.

### 6.6.5 Participant claims in respect of intervention

(a) Where *VENCorp*

(1) intervenes in the market under clause 6.6.4 to require a Participant to inject gas; and

(2) that *Participant* experiences a net auditable financial reduction as a direct result of making that injection,

then that *Participant* may submit a claim to *VENCorp* for compensation in respect of the injection in accordance with clause 3.6.5A.

### 6.7.6 Participant claims in respect of application of administered price cap

(a) *Participants* may claim compensation from *VENCorp* in accordance with clause 3.6.5A in respect of gas injected into the *transmission system* if, due to the application of an *administered price cap*,

(i) the resultant market price payable to that Participant in any trading interval is less than the price specified in their injection inc/dec offer for that trading interval; or

(ii) ancillary payments to the Participant for the gas injected are reduced in accordance with clause 3.6.7(a)(3) from what otherwise would have been the case.

## 11. GLOSSARY

administered price cap	A price cap determined in accordance with clause 6.7.1 which will apply during an <i>administered price period</i> .
administered price period	A period during which an <i>administered price cap</i> will apply.

**Deleted:** b

**Deleted:** Compensation for

**Deleted:** , in accordance with clause 6.6.4

**Deleted:** s

**Deleted:** (b) A *Participant* who wishes to make a claim under clause 6.6.5(a) must submit notice of its claim to *VENCorp* within ten *business days* following the issue of the *final statement* for that *trading interval* in which the *Participant* made the injection of gas referred to in clause 6.6.5(a).

**Deleted:** ¶

(ba) Subject to clause 6.6.5(bb), when a *Participant* notifies *VENCorp* of their intention to claim compensation in accordance with clause 6.6.5(a), that *Participant* must specify a date from which *VENCorp* has five *business days* to request the *Adviser* to establish the *compensation panel* under clause 6.6.5(c).¶

(bb) The date specified in clause 6.6.5(ba) must be no greater than 20 *business days* following the issue of the *final statement* for that *trading interval* in which the *Participant* made the injection of gas referred to in clause 6.6.5(a).¶

(bc) A *Participant* may withdraw a claim at any time up to and including the date specified in clause 6.6.5(ba).¶

(c) If a *Participant* has not withdrawn a claim under clause 6.6.5(bc), then *VENCorp* must: ¶

(1) within five *business days* of the date specified in clause 6.6.5(ba), request the *Adviser* to establish a *compensation panel* to determine whether it is appropriate in all the circumstances for compensation to be paid and, if so, to determine an appropriate amount of compensation; and¶

... [2]

**Deleted:** Compensation

**Deleted:** due

**Deleted:** to the

**Deleted:** an

**Deleted:** during either an *administered price period* or a period in which the *market* is suspended

**Deleted:** ,

**Deleted:** (b) A *Participant* who wishes to make a claim under clause 6.7.6(a) must submit notice of its claim to *VENCorp* within ten *business* ... [3]

**Deleted:** ¶

(ba) Subject to clause 6.7.6(bb), when a *Participant* notifies *VENCorp* of their intention to claim compen ... [4]

**Deleted:** declared by *VENCorp*

**Deleted:** in accordance with clause 6.7.2,

compensation panel	A panel selected by the <i>Adviser</i> under clause <u>3.6.5A</u> to make determinations relating to compensation during <i>administered price periods</i> and periods of <i>intervention</i> .	Deleted: s 6.6.5 and 6.7.6
<u>compensation guidelines</u>	<u>Guidelines developed by <i>VENCorp</i> in accordance with clause 3.6.5A(i), which describe the principles and methodology upon which the <i>compensation panel</i> should base its determination of amounts payable under clause 3.6.6 in relation to claims for compensation.</u>	Deleted: and <i>market</i> suspension

## A.5 FURTHER GENERAL MINOR AMENDMENTS

(Proposed changes to the current MSO Rules are identified in the following as: strike through for deletions, underline for additions)

### 3.6.3 ~~Trading~~ Amounts for trading intervals

- (a) *VENCorp* must determine for each *trading interval*:
- (1) each *Market Participant's trading imbalance* for that *trading interval* in accordance with clause 3.6.4;
  - (2) ~~each *Market Participant's daily EoD linepack credit* or *daily EoD linepack debit* for that *trading interval* in accordance with clause 3.6.9;~~
  - (3) the *ancillary payment* (if any) payable to each *Market Participant* in respect of that *trading interval* in accordance with clause 3.6.7;
  - (4) the *uplift payment* (if any) payable by each *Market Participant* in respect of that *trading interval* in accordance with clause 3.6.8;
  - (5) the *market price* for that *trading interval* in accordance with clause 3.2; and
  - (6) the *trading amount* for each *Market Participant* for that *trading interval*, as determined in accordance with clause 3.6.3(b).
- (b) The *trading amount* for a *Market Participant* for a *trading interval* equals the sum of:
- (1) that *Market Participant's trading imbalance* for that *trading interval* (determined in accordance with clause 3.6.4) multiplied by the *market price* for that *trading interval*; ~~plus~~
  - (2) ~~that *Market Participant's daily EoD linepack credit* (if any) for that *trading interval* determined in accordance with clause 3.6.9; minus~~
  - (3) ~~that *Market Participant's daily EoD linepack debit* (if any) for that *trading interval* determined in accordance with clause 3.6.9.~~

## 11. GLOSSARY

<del>daily EoD linepack credit</del>	<del>An amount determined in respect of each <i>gas day</i> for each <i>Market Participant</i> in accordance with clause 3.6.9(a).</del>
<del>daily EoD linepack debit</del>	<del>An amount determined in respect of each <i>gas day</i> for each <i>Market Participant</i> in accordance with clause 3.6.9(a).</del>
<del>standing EoD linepack bid</del>	<del>An <i>EoD linepack bid</i> that is expressed to apply in respect of each consecutive <i>gas day</i> until a future specified date or until revoked or deemed to be revoked.</del>



## A.6 AMENDMENTS TO SETTLEMENT REVISIONS/DISPUTES PROVISIONS

(Proposed changes to the current MSO Rules are identified in the following as: strike through for deletions, underline for additions)

### 3.6.18 Disputes

(aa) Where a Market Participant wishes to dispute a settlement amount stated in a settlement statement or the supporting data for a billing period, it must do so only in respect of the most recently issued settlement statement for that relevant billing period.

(a) Subject to clause 3.6.18(d), if a dispute arises between a Market Participant and VENC Corp concerning either:

(1) the settlement amount stated in a preliminary statement provided under clause 3.6.14 to be payable by or to a Market Participant; or

Deleted: it

(2) the supporting data provided in accordance with clause 3.6.14,

they must each use reasonable endeavours to resolve the dispute within fifteen business days after the end of the relevant billing period.

(b) Subject to clause 3.6.18(d), if a dispute arises between a Market Participant and VENC Corp during the period between the issue of a final statement and the issue of a revised statement in accordance with clause 3.6.19(c) concerning either:

(1) the settlement amount stated in a final statement provided under clause 3.6.15 to be payable by or to a Market Participant; or

Deleted: it

(2) the supporting data provided in accordance with clause 3.6.15,

they must each use reasonable endeavours to resolve the dispute within 113 business days after the end of the billing period.

(baa) Subject to clause 3.6.18(d), disputes in respect of:

(1) the settlement amount stated in a final statement provided under clause 3.6.15 for a billing period ending before 26 October 2002 provided under clause 3.6.15 to be payable by or to a Market Participant; or

(2) the supporting data provided in accordance with clause 3.6.15,

must be raised within eighteen (18) months of the final statement issue date.

(ba) Subject to clause ~~3.6.18(d)~~, disputes in respect of:

Deleted: s

(1) the settlement amount stated in a revised statement provided under clause 3.6.19 to be payable by or to a Market Participant; or

Deleted: 3.6.18(b) and

Deleted: it

(2) the supporting data provided in accordance with clause 3.6.19,

must be raised within ~~eighteen (18)~~ months of the revised statement issue date.

Deleted: twelve (12)

(c) Disputes raised in relation to a revised statement must be resolved by agreement or pursuant to the dispute resolution procedures set out in clause 7.2.

Deleted: under this clause 3.6.18(ba)

(d) Disputes arising in relation to payments determined under the Retail Gas Market Rules shall not be determined under these Rules and must be determined under the dispute provisions of the Retail Gas Market Rules.

### 3.6.19 Revised statements

Deleted: Settlement revisions

Clauses 3.6.19(a) and 3.6.19 (b) deleted by notice in the Government Gazette dated 19 October 2003.

- (c) For a billing period commencing on or after 26 October 2002, *VENCorp* must revise each *final statement* issued in accordance with clause 3.6.15 using, for the purpose of that revision, the most recent information available to *VENCorp* on the 118<sup>th</sup> *business day* after the relevant *billing period*, and *VENCorp* must issue a *revised statement* for the relevant *billing period* in accordance with clause 3.6.19(d).
- (ca) If, within eighteen (18) months of the issue of a *final statement* under clause 3.6.15 for a billing period ending before 26 October 2002 or a revised statement under clause 3.6.19(c), *VENCorp* becomes aware of an error in an amount stated in that *final statement* or *revised statement* and in *VENCorp's* reasonable opinion a *Participant* would be materially affected if a revision to the *final statement* or *revised statement* was not made to correct the error, then *VENCorp* must:
- (1) advise each Market Participant likely to be materially affected by the error within five (5) business days of *VENCorp* deciding the error is material, and
  - (2) as soon as practicable issue *revised statements* for the relevant *billing period* in accordance with clause 3.6.19(d).
- (cb) If an amount in a *revised statement* issued under clauses 3.6.19(c) or 3.6.19(ca) has been the subject of a dispute and the dispute has been resolved in any way which causes the amount payable to differ from the amount payable in the disputed *revised statement* then *VENCorp* must issue to each *Market Participant* affected by the resolution of the dispute a *revised statement* in accordance with clause 3.6.19(d).
- (d) *VENCorp* must issue to each *Market Participant* affected by a revision a *revised statement* for the relevant *billing period* within 5 *business days* of a revision made in accordance with this clause 3.6.19 setting out:
- (1) the amount payable by the *Market Participant* to *VENCorp* or, subject to clause 3.6.22, the amount payable by *VENCorp* to the *Market Participant*; and
  - (2) the adjustment to the *final statement* as agreed or determined plus interest calculated on a daily basis at the *interest rate* for the period from the *payment date* applicable to the *final statement* to which the adjustment relates to the *payment date* applicable to the *revised statement* issued under this clause 3.6.19(d).
- (e) The statements issued under this clause 3.6.19 must include supporting data for all amounts payable which must be sufficient to enable each *Market Participant* to audit the calculation of the amount payable by or to that *Market Participant*.

Deleted: 12

Deleted: (subject to clause 3.6.22)

---

end.

## Annexure B CONSULTATION PROCESSES FOLLOWED

---

### B.1 GAS INJECTED UNDER DIRECTION - ALLOCATING PARTICIPANT INJECTION QUANTITIES

(a) **Consideration at Gas Market Consultative Committee Meetings**

The Rule Amendments were considered by the GMCC at its Meeting 94, 95 and 96 held on 13 August 2003, 3 September 2003 and 12 May 2004.

(b) **Endorsement by the Gas Market Consultative Committee**

The Rule Amendments were endorsed by the GMCC at its meeting held on 12 May 2004.

(c) **Gas industry representation at Gas Market Consultative Committee meetings**

The following is a list of GMCC members or alternates who were present at the GMCC meeting where the MSO Rules changes were approved.

<i>attendee</i>	<i>representation (member/observer)</i>	<i>company</i>
Brian Rochford	Distributor representative	Envestra
John Dick	End Use Customer representative [Alt]	Energy Action Group
Michelle Shepherd	Host Retailer (AGL) representative	AGL
Glenn Orgias	Host Retailer (Origin) representative	Origin Energy
Natalie Wallace	Host Retailer (TXU) representative	TXU Trading
Stephen Bridger	Market Customer representative	BMC
Louise Dwyer	Non Host Retailer representative	Energex
Sean Nicolson	Producer and Storage Provider representative [Alt]	BHP Billiton
Matthew Clemow	Producer and Storage Provider representative	TXU Storage
Cecilia Tang	Trader representative	Alinta
David Whitelaw	Transmission Pipeline Owner representative	GasNet
Steve Thompson	Observer	AGL
Paul Callander	Observer	GasNet
Lana Smolyansky	Observer	TXU Trading

(d) **Approval by VENCORP Board**

The Rule Amendments were approved by the Board of Directors of VENCORP at its meeting held on 24 May 2004.

### B.2 GENERAL MINOR AMENDMENTS

(a) **Consideration at Gas Market Consultative Committee Meetings**

The Rule Amendments were considered by the GMCC at its Meeting 98 held on 14 July 2004.

(b) **Endorsement by the Gas Market Consultative Committee**

The Rule Amendments were endorsed by the GMCC at its meeting held on 14 July 2004

(c) **Gas industry representation at Gas Market Consultative Committee meetings**

The following is a list of GMCC members or alternates who were present at the GMCC meeting where the MSO Rules changes were approved.

<i>attendee</i>	<i>representation (member/observer)</i>	<i>company</i>
Mark Beech	Distributor representative	Alinta
Michelle Shepherd	Host Retailer (AGL) representative	AGL
Natalie Wallace	Host Retailer (TXU) representative	TXU
Glenn Orgias	Host Retailer (Origin) representative	Origin
David Whitelaw	Transmission Pipeline Owner representative	GasNet
Craig Price	VENCorp representative	VENCorp
Sean Nicolson	Producer representative	BHPB
Mathew Clemow	Storage Providers representative	TXUGS
Greg Dykzeul	Trader representative	Alinta
Darren Nelson	Observer	EUAA

**(d) Approval by VENCorp Board**

The Rule Amendments were approved by the Board of Directors of VENCorp at its meeting held 28 September 2004.

**B.3 MINOR AMENDMENTS TO PARTICIPANT SUSPENSION CLAUSES**

**(a) Consideration at Gas Market Consultative Committee Meetings**

The Rule Amendments were considered by the GMCC at its Meeting 97 and 98 held on 23 June 2004 and 14 July 2004 respectively.

**(b) Endorsement by the Gas Market Consultative Committee**

The Rule Amendments were endorsed by the GMCC at its meeting held on 14 July 2004

**(c) Gas industry representation at Gas Market Consultative Committee meetings**

The following is a list of GMCC members or alternates who were present at the GMCC meeting where the MSO Rules changes were approved.

<i>attendee</i>	<i>representation (member/observer)</i>	<i>company</i>
Mark Beech	Distributor representative	Alinta
Michelle Shepherd	Host Retailer (AGL) representative	AGL
Natalie Wallace	Host Retailer (TXU) representative	TXU
Glenn Orgias	Host Retailer (Origin) representative	Origin
David Whitelaw	Transmission Pipeline Owner representative	GasNet
Craig Price	VENCorp representative	VENCorp
Sean Nicolson	Producer representative	BHPB
Mathew Clemow	Storage Providers representative	TXUGS
Greg Dykzeul	Trader representative	Alinta
Darren Nelson	Observer	EUAA

**(d) Approval by VENCorp Board**

The Rule Amendments were approved by the Board of Directors of VENCorp at its meeting held 28 September 2004.

## B.4 RE-STRUCTURING OF COMPENSATION CLAUSES

(a) **Consideration at Gas Market Consultative Committee Meetings**

The Rule Amendments were considered by the GMCC at its Meeting 97, 98, 99, 100 held on 23 June 2004, 14 July 2004, 11 August 2004 and 1 September 2004.

(b) **Endorsement by the Gas Market Consultative Committee**

The Rule Amendments were endorsed by the GMCC at its meeting held on 1 September 2004

(c) **Gas industry representation at Gas Market Consultative Committee meetings**

The following is a list of GMCC members or alternates who were present at the GMCC meeting where the MSO Rules changes were approved.

<i>attendee</i>	<i>representation (member/observer)</i>	<i>company</i>
Michelle Shepherd	Host Retailer (AGL) representative	AGL
Natalie Wallace	Host Retailer (TXU) representative	TXU
Jonathan Teubner	Host Retailer (Origin) representative (alternate)	Origin
Sean Nicolson	Producer representative (alternate)	BHPB
Matthew Clemow	Storage representative	TXU
Paul Callander	Transmission Pipeline Owner representative (alternate)	GasNet
Mark Beech	Distributor representative	Alinta
Sarah Kok	Non Host Retailer representative (alternative)	Energex
Greg Dykzeul	Trader representative	Alinta
John Dick	Customer Group representative	EAG
Michael Handley	Observer	Origin
Darren Nelson	Observer	EUAA
Lawson Burns	Observer	Esso

(d) **Approval by VENCORP Board**

The Rule Amendments were approved by the Board of Directors of VENCORP at its meeting held 28 September 2004.

---

## B.5 FURTHER GENERAL MINOR AMENDMENTS

(a) **Consideration at Gas Market Consultative Committee Meetings**

The Rule Amendments were considered by the GMCC at its Meeting 99 held on 11 August 2004.

(b) **Endorsement by the Gas Market Consultative Committee**

The Rule Amendments were endorsed by the GMCC at its meeting held on 11 August 2004

(c) **Gas industry representation at Gas Market Consultative Committee meetings**

The following is a list of GMCC members or alternates who were present at the GMCC meeting where the MSO Rules changes were approved.

<i>attendee</i>	<i>representation (member/observer)</i>	<i>company</i>
Michelle Shepherd	Host Retailer (AGL) representative	AGL
Natalie Wallace	Host Retailer (TXU) representative	TXU

Glenn Orgias	Host Retailer (Origin) representative	Origin
Sean Nicolson	Producer representative (alternate)	BHPB
Phil Harrick (TXU)	Storage representative (alternative)	TXU
David Whitelaw	Transmission Pipeline Owner representative	GasNet
Mark Beech	Distributor representative	Alinta
Sarah Kok	Non Host Retailer representative (alternative)	Energex
Stephen Bridger	Market Customer representative	Visy/Bradmill/Coogee
Greg Dykzeul	Trader representative	Alinta
Darren Nelson	Observer	EUAA
Paul Callander	Observer	GasNet
Lawson Burns	Observer	Esso
Victor Browner	Observer	Alinta
Jonathan Teubner	Observer	Origin
Lara Smolyansky	Observer	TXU

**(d) Approval by VENCORP Board**

The Rule Amendments were approved by the Board of Directors of VENCORP at its meeting held 28 September 2004.

**B.6 AMENDMENTS TO SETTLEMENT REVISIONS/DISPUTES PROVISIONS**

**(a) Consideration at Gas Market Consultative Committee Meetings**

The Rule Amendments were considered by the GMCC at its Meeting 100 held on 1 September 2004 and via circular resolution following that meeting.

**(b) Endorsement by the Gas Market Consultative Committee**

The Rule Amendments were endorsed by the GMCC via circular resolution following the GMCC meeting held on 1 September 2004 with 9 members in favour of the proposed amendments, 2 members indicating support for the majority of the amendments but opposition to the extension in time from 12 to 18 months, with 1 no response.

**(c) Gas industry representation at Gas Market Consultative Committee meetings**

The following is a list of GMCC members or alternates who responded to the request for approval via circular resolution.

<i>Member</i>	<i>Company</i>	<i>Representative</i>	<i>Status</i>	<i>Vote</i>
Craig Price	VENCORP	Market and Operations - VENCORP	Member	✓
Michelle Shepherd	AGL	Host Retailer – AGL	Member	×
Jonathan Teubner	Origin	Host Retailer – Origin	Alternate	✓
Natalie Wallace	TXU	Host Retailer – TXU	Member	✓
Sarah Kok	Energex	Non-Host Retailer	Alternate	×
Greg Dykzeul	Alinta	Trader	Member	✓
Sean Nicolson	BHPB	Producer	Alternate	✓
Mathew Clemow	TXU UGS	Storage Provider	Member	✓

John Dick	EAG	End User	Member	✓
Stephen Bridger	BMC	Market Customer	Member	No Response
Paul Callander	GasNet	Transmission	Alternate	✓
Mark Beech	UE	Distribution	Member	✓

**(d) Approval by VENCORP Board**

The Rule Amendments were approved by the Board of Directors of VENCORP at its meeting held 28 September 2004.

---

end.

calculated as:

if  $Q_{LA} - Q_{LS} > 0$  and  $Q_{LA} - Q_{LS} \leq Q_{AG}$   
then  $R_{LA} = CPT \times \frac{Q_{LA} - Q_{LS}}{Q_{AG}}$ ; or

if  $Q_{LA} - Q_{LS} > 0$  and  $Q_{LA} - Q_{LS} > Q_{AG}$   
then  $R_{LA} = CPT$ ; or

if  $Q_{LA} - Q_{LS} \leq 0$   
then  $R_{LA} = 0$

Where:

**RLA** is the amount in \$ of the payment to be paid to *VENCorp* from the *linepack account*;

**CPT** is the sum of the amounts in \$ of compensation payable by *VENCorp* to all *Participants* for that *trading interval* determined in accordance with clauses 6.6.5 or 6.7.6, or amounts payable to *VENCorp* in accordance with clause 6.5.2(e);

**QLA** is the actual total amount in GJ of system linepack increase for that *trading interval*;

**QLS** is the total amount in GJ of system linepack increase last scheduled by *VENCorp* for that *trading interval*; and

**QAG** is the sum of the amounts in GJ of actual additional gas injected by all *Market Participants* during that *trading interval* as a consequence of *VENCorp's* instructions made in accordance with clause 6.6.4.

(ba) If the amount calculated in accordance with clause 3.6.6(b) is insufficient to satisfy the total amount of compensation payable by *VENCorp* to a *Participant* entitled to be paid under clause 6.6.5, then *VENCorp* shall be entitled to recover the outstanding balance of that payment from *Participants* in accordance with clauses 3.6.6(bb) and 3.6.6(bc).

(bb) Where a *Participant* must pay to *VENCorp* an *uplift payment* amount determined under clause 3.6.8 for the *trading interval* for which there is a payment amount recoverable by *VENCorp* under 3.6.6(ba) then that *Participant* must pay an amount to *VENCorp* calculated as:

$$R_{CP} = \frac{R_{UL} \times U}{\sum U}$$

Where

**RCP** is the amount payable in \$ by a *Market Participant* to *VENCorp* in respect of that *trading interval*;

**RUL** is the total amount in \$ to be recovered by *VENCorp* under clause 3.6.6(ba) for that *trading interval*;

**U** is the total amount in \$ of *uplift payment* to be paid to *VENCorp* by that *Participant* for that *trading interval*;

**$\sum U$**  is the aggregate amount of *uplift payment* in \$ to be paid to *VENCorp* by all *Participants* for that *trading interval*.

(bc) If compensation payments are to be paid by *VENCorp* under clause 6.7.6 or if there is a payment amount outstanding after the application of clause 3.6.6(bb) then each *Market Participant* who purchased gas from the *market* in the *trading interval* in respect of which compensation is to be paid must pay an amount to *VENCorp* calculated as:



$$RAP = \frac{CPA \times N}{\Sigma N}$$

where

**RAP** is the amount payable in \$ by a *Market Participant* to *VENCorp* in respect of that *trading interval*;

**CPA** is the total amount in \$ to be recovered by *VENCorp* from all *Market Participants* under clause 6.7.6 or after the application of 3.6.6(bb), as the case may be, in that *trading interval*;

**N** is the *negative trading imbalance* in GJ of that *Market Participant* in that *trading interval*; and

**ΣN** is the sum of *negative trading imbalances* in GJ of all *Market Participants* in that *trading interval*

- (ba) Subject to clause 6.6.5(bb), when a *Participant* notifies *VENCorp* of their intention to claim compensation in accordance with clause 6.6.5(a), that *Participant* must specify a date from which *VENCorp* has five *business days* to request the *Adviser* to establish the *compensation panel* under clause 6.6.5(c).
- (bb) The date specified in clause 6.6.5(ba) must be no greater than 20 *business days* following the issue of the *final statement* for that *trading interval* in which the *Participant* made the injection of gas referred to in clause 6.6.5(a).
- (bc) A *Participant* may withdraw a claim at any time up to and including the date specified in clause 6.6.5(ba).
- (c) If a *Participant* has not withdrawn a claim under clause 6.6.5(bc), then *VENCorp* must:
  - (1) within five *business days* of the date specified in clause 6.6.5(ba), request the *Adviser* to establish a *compensation panel* to determine whether it is appropriate in all the circumstances for compensation to be paid and, if so, to determine an appropriate amount of compensation; and
  - (2) refer the claim to the *Adviser* for determination of those issues by the *compensation panel*.
- (d) The *Adviser* must:
  - (1) within five *business days* of receiving a request from *VENCorp*, establish a *compensation panel* of three members from the group of persons referred to in clause 7.2.2; and
  - (2) be satisfied that the persons it chooses to comprise the *compensation panel* do not have any interests which could conflict with an impartial decision.
- (e) Upon a referral from *VENCorp* pursuant to clause 6.6.5(c), the *compensation panel* must make a determination of the relevant issues and notify *VENCorp* of that determination as soon as practicable but in any event within twenty *business days* of the claim being referred to it.
- (f) The *compensation panel* must:
  - (1) conduct itself on the same basis and in accordance with the same timeframes as a *dispute resolution panel* under clause 7.2.4;
  - (2) determine whether any compensation should be paid to the *Participant* to put the *Participant* in the position in which the *Participant* would

- have been, in respect of the gas injection it made under clause 6.6.5(a), had the direction not been issued by *VENCorp*; and
- (3) base its determination on guidelines developed by *VENCorp* in consultation with *Participants*.
- (g) If the *compensation panel* makes a determination that compensation should be paid to the *Participant*, *VENCorp* must compensate the *Participant* in accordance with the determination of the *compensation panel* and must advise the *Participant* as soon as practicable of the determination and of the date *VENCorp* intends to pay the *Participant*.
- (ga) *VENCorp* must pay interest on the amounts determined in accordance with clause 6.6.5 at the *interest rate* from the day following the date of the next payment of *settlement amounts* made under clause 3.6.17 following the determination of the *compensation panel* to the date when *VENCorp* actually pays the *Participant* the amount of the compensation determined. Interest is to be calculated on a daily basis and aggregated for the period.

Page 22: [3] Deleted Craig Price 2/08/2004 9:33:00 PM

(b) A *Participant* who wishes to make a claim under clause 6.7.6(a) must submit notice of its claim to *VENCorp* within ten *business days* following the issue of the *final statement* for that *trading interval* for which an *administered price period* was declared.

Page 22: [4] Deleted Chris Pratt 19/07/2004 5:29:00 PM

- (ba) Subject to clause 6.7.6(bb), when a *Participant* notifies *VENCorp* of their intention to claim compensation in accordance with clause 6.7.6(a), that *Participant* must specify a date from which *VENCorp* has five *business days* to request the *Adviser* to establish the *compensation panel* under clause 6.7.6(c).
- (bb) The date specified in clause 6.7.6(ba) must be no greater than 20 *business days* following the issue of the *final statement* for that *trading interval* in which the *Participant* made the injection of gas referred to in clause 6.7.6(a).
- (bc) A *Participant* may withdraw a claim at any time up to and including the date specified in clause 6.7.6(ba).
- (c) If a *Participant* has not withdrawn a claim under clause 6.7.6(bc), then *VENCorp* must
- (1) within five *business days* of the date specified in clause 6.7.6(ba), request the *Adviser* to establish a *compensation panel* to determine whether it is appropriate in all the circumstances for compensation to be paid and, if so, to determine an appropriate amount of compensation; and
  - (2) refer the claim to the *Adviser* for determination of those issues by the *compensation panel*.
- (d) The *Adviser* must:
- (1) within five *business days* of receiving a request from *VENCorp*, establish a *compensation panel* of three members from the group of persons referred to in clause 7.2.2; and
  - (2) be satisfied that the persons it chooses to comprise the *compensation panel* do not have any interests which could conflict with an impartial determination.
- (e) Upon a referral from *VENCorp* pursuant to clause 6.7.6(c), the *compensation panel* must make a determination of the relevant issues and notify *VENCorp* of

that determination as soon as practicable but in any event within twenty *business days* of the claim being referred to it.

- (f) The *compensation panel* must:
  - (1) conduct itself on the same basis and in accordance with the same timeframes as a *dispute resolution panel* under clause 7.2.4;
  - (2) determine whether any compensation should be paid to the *Market Participant* to put the *Market Participant* in the position that the *Market Participant* would have been in, in respect of the gas injection referred to in clause 6.7.6(a), had the *administered price cap* not applied; and
  - (3) base its recommendations on guidelines developed by *VENCorp* in consultation with *Participants*.
- (g) If the *compensation panel* makes a determination that compensation should be paid to the *Market Participant*, *VENCorp* must compensate the *Market Participant* in accordance with the determination of the *compensation panel* and must advise the *Market Participant* as soon as practicable of the determination and of the date *VENCorp* intends to pay the *Market Participant*.
- (ga) *VENCorp* must pay interest on the amounts determined in accordance with clause 6.7.6 at the *interest rate* from the day following the date of the next payment of *settlement amounts* made under clause 3.6.7 following the determination of the *compensation panel* to the date when *VENCorp* actually pays the *Market Participant* the amount of the compensation determined. Interest is to be calculated on a daily basis and aggregated for the period.