

# Decision

## Application for amendment

### Access Arrangement by Victorian Energy Networks Corporation for the Principal Transmission System

**Date: 28 November 2001**

**Commissioners:**

**File no:**  
C2000/680-08

Fels  
Martin  
Cousins  
Jones

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## 1. The application

On 2 November 2001 the Australian Competition and Consumer Commission (the Commission) received an application from the Victorian Energy Networks Corporation (VENCorp) for amendment of its Access Arrangement for the Principal Transmission System (PTS). The application was submitted under the National Third Party Access Code for Natural Gas Pipeline Systems as it applies in Victoria (National Access Code).<sup>1</sup>

The application for amendment relates to proposed changes to the Market and System Operations Rules (proposed rule changes). These proposed rule changes appear in Annexure 1 to this decision. VENCorp are proposing that the MSOR be amended to:

- ❑ remove the detailed equations for the calculation of uplift payments from the MSOR and placement of those details into procedures tied to the MSOR; leaving the MSOR to contain the principles to be applied in developing those procedures in consultation with participants;
- ❑ remove redundant clauses in the MSOR in readiness for VENCorp's application to the Commission in 2002 for renewal of its Access Arrangements and re-authorisation of the MSOR;
- ❑ provide for a common set of clearing arrangements for effecting market payments between VENCorp and participants whilst allowing VENCorp discretion when dealing with participants whose payments are very small;
- ❑ remove the mandatory requirement for participants to bid into the market all their available LNG holdings each day, and to remove the requirement for biennial reviews of VENCorp's LNG reserve; and
- ❑ provide for AMDQ credits to be assigned to customer sites to provide both uplift payment hedging and curtailments benefits at those sites.

## 2. Background

The Access Arrangement for the PTS by VENCorp was approved by the Commission under section 2.19 of the Victorian Third Party Access Code for Natural Gas Pipeline Systems (the Victorian Access Code) on 16 December 1998.

Clause 5.1.2 of the Access Arrangement provides that:

in the event that the MSOR becomes subject to an exemption under section 51(1) of the Trade Practices Act, any amendment to, or supplementation or replacement of, the MSOR will, to the extent to which the MSOR are part of this Access Arrangement, constitute a change for the purposes of the Code and will not be effective to change this Access Arrangement unless and until the procedure in section 2 of the Code is followed.

On 21 November 1998, the *Gas Industry Act 1994* (Vic) was amended by the insertion of section 62PA which authorises the making of the MSOR (including any amendment to the MSOR) and things done or conduct engaged in by VENCorp, participants or market participants pursuant

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<sup>1</sup> The National Access Code came into force in Victoria on 1 July 1999 with the coming into force of the *Gas Pipelines Access (Victoria) Act 1998*. Section 25 of that Act repeals Part 4B of the *Gas Industry Act 1994* pursuant to which the Victorian Third Party Access Code for Natural Gas Pipeline Systems (Victorian Access Code) was established. However, certain provisions of the Victorian Access Code continue to apply, such as section 2.33, which is discussed below.

thereto. Section 62PA was re-enacted as section 53 of the *Gas Industry Act 2001 (Vic)*. The MSOR are subject to an exemption under section 51(1) of the *Trade Practices Act 1974 (Cth)*. The proposed changes to the MSOR concern rules that are part of the Access Arrangement. For these reasons, the proposed rule changes constitute proposed revisions to the Access Arrangement.

### **3. Procedure for assessing proposed revisions**

VENCorp lodged its application for amendment pursuant to section 2.33 of the Victorian Access Code.<sup>2</sup> Section 2.33 of the Victorian Access Code allows the Commission 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.

VENCorp argued that these proposed revisions (as constituted by the proposed rule changes) do not impact on the Access Arrangement in any material respect.

In the course of its public consultation relating to an application by VENCORP for minor variation of the authorisation of the MSOR, the Commission sought the views of interested parties on whether the proposed rule changes are material to the Access Arrangement (in so far as they constitute proposed revisions).

No submissions were received on the proposed rule changes.

The Commission accepted the view that the proposed revisions are not material to the VENCORP Access Arrangement and decided to dispense with the requirement to produce Access Arrangement Information and the consultation process outlined in section 2 of the National Access Code.<sup>3</sup>

### **4. Criteria for assessing proposed revisions**

Section 2.46 of the National Access Code provides that the Commission may approve proposed revisions to an Access Arrangement only if it is satisfied the Access Arrangement as revised would contain the elements and satisfy the principles in sections 3.1 to 3.20 of the Code. In assessing proposed revisions, the Commission must take into account:

- the factors described in section 2.24 of the Code; and

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<sup>2</sup> Section 24A(3) of the *Gas Pipelines Access (Victoria) Act 1998* provides that section 2.33 of the Victorian Access Code continues to apply in respect of an Access Arrangement in force before the repeal of Part 4B of the *Gas Industry Act 1994* until the first review of the Access Arrangement under section 2 of the National Access Code (31 March 2002, clause 5.8.1 of the Access Arrangement). The VENCORP Access Arrangement was in force prior to the repeal of Part 4B of the *Gas Industry Act 1994* and hence VENCORP requested the Commission consider this application under section 2.33 of the Victorian Access Code.

<sup>3</sup> Section 2 of the National Access Code prescribes a more comprehensive public consultation process than that undertaken by the Commission in the course of its assessment of the application by VENCORP for minor variation of the authorisation of the MSOR.

- the provisions of the Access Arrangement.

#### **4.1 Requirements of section 2.24**

Section 2.24 requires that the Access Arrangement contains the elements and satisfies the principles set out in sections 3.1 to 3.20. These sections set out the elements that an Access Arrangement must include as a minimum – namely a services policy, Reference Tariffs, terms and conditions, a capacity management policy, a trading policy, a queuing policy, an extensions/expansions policy and a review date.

Section 2.24 also requires that the Commission take into account:

- (a) the Service Provider's legitimate business interests and investment in the Covered Pipeline;
- (b) firm and binding contractual obligations of the Service Provider or other persons (or both) already using the Covered Pipeline;
- (c) the operational and technical requirements necessary for the safe and reliable operation of the Covered Pipeline;
- (d) the economically efficient operation of the Covered Pipeline;
- (e) the public interest, including the public interest in having competition in markets (whether or not in Australia);
- (f) the interests of Users and Prospective Users;
- (g) any other matters that the Relevant Regulator thinks are relevant.

The Commission considers that these proposed revisions in question do not remove any of the elements of the VENCORP Access Arrangement that was approved under section 2.19 of the Code on 16 December 1998. Moreover, the Commission considers that the proposed revisions do not affect the substance of the Access Arrangement in such a way that takes it outside the principles set out in sections 3.1 to 3.20.

The Commission has taken the matters set out in section 2.24 into account and considers that the proposed revisions do not impact on the Access Arrangement in such a way that the Commission should no longer consider that the Access Arrangement contains the elements and satisfies the principles set out in sections 3.1 to 3.20 of the National Access Code.

#### **4.2 The provisions of the Access Arrangement**

The minimal effect of the proposed revisions on the substance of the Access Arrangement means that the provisions of the Access Arrangement do not require any redrafting.

### **5. Decision**

The Commission has taken into account the factors described in section 2.24 of the National Access Code and the provisions of the Access Arrangement, and is satisfied that the revised Access Arrangement contains the elements and satisfies the principles set out in sections 3.1 to 3.20 of the National Access Code.

Pursuant to section 2.46 of the National Access Code, the Commission approves the proposed revisions that are the subject of this application.

## MSOR CHANGE - UPLIFT PAYMENTS

## 3.6.7 Ancillary payments

(b) If in any *trading interval* a *Market Participant's actual deviation* and *scheduled deviation* are both positive and the *actual deviation* is less than or equals the *scheduled deviation*, the ancillary payments payable to that *Market Participant* will, subject to clause 3.6.7(a) and where the *ancillary payment* is more than zero, be:

(1) in the case of an *injection inc/dec offer*:

(A) where **UH** is more than the quantity of gas to be injected by that *Market Participant* in that *trading interval* under the relevant *pricing schedule* applicable to that *trading interval*:

$$IS^{UH} - IS^A$$

where

**IS<sup>UH</sup>** means, in respect of a *Market Participant* who injects gas, the product of the *market price* for that *trading interval* and **UH**, less the deemed cost of those injections of gas as implied by the *price steps* specified in the *Market Participant's inc/dec offer*;

**IS<sup>A</sup>** means, in respect of a *Market Participant* who injects gas, the product of the *market price* for that *trading interval* and the quantity of that *Market Participant's actual injections* of gas in that *trading interval*, less the deemed cost of those actual injections as implied by the *price steps* specified in the *Market Participant's inc/dec offer*;

**UH** for a *Market Participant* at a *system injection point* means:

(i) that part of the quantity **TUH**, where **TUH** is determined in accordance with [the procedures published by VENCORP under clauses 3.6.8\(gd\), 3.6.8\(a\) and 3.6.8\(aa\)](#), applicable at the relevant *system injection point* for that *Market Participant* and determined in accordance with 3.6.7(b)(1)(A)(ii); and

- (ii) that part of the quantity **TUH** applicable at each relevant *system injection point* as determined by assigning the quantity of **TUH** to these *system injection points* in ascending price order of the *price steps* for *injection inc/dec offers* which are applicable at these *system injection points* for the relevant *trading period*.

### 3.6.8 Uplift Payments

- (a) Subject to clause 3.6.8(b), *VENCorp* must consult with *Market Participants* and *Transmission Pipeline Owners and* establish and publish ~~principles and~~ procedures pursuant to which ~~it~~*VENCorp* can determine:
- (1) an estimate of the portion (if any) of any *ancillary payments* payable in respect of a *trading interval* in accordance with clause 3.6.7 which are attributable to *daily and within day transmission constraints*; ~~and~~
  - (2) an estimate of the total size in GJ of the *daily and within day transmission constraint* (if any) giving rise to the portion of *ancillary payments* estimated in accordance with clause 3.6.8(a)(1).
  - (3) in respect to any *ancillary payments* payable in a *trading interval* the *uplift payments* to be made by each *Transmission Pipeline Owner and Market Participant*.
- (aa) Subject to clause 3.6.8(b), *VENCorp* may, in consultation with *Market Participants* and *Transmission Pipeline Owners*, modify the procedures established in accordance with clause 3.6.8(a) and if *VENCorp* does so it must *publish* those modified procedures.
- (b) In developing the ~~principles and~~ procedures for determining *ancillary uplift payments* ~~attributable to transmission constraints~~ under clauses 3.6.8(a) ~~and 3.6.8(aa)~~, *VENCorp* must use its reasonable endeavours to ensure that the procedures apply the following principles:
- (1) the principles and procedures should not be unreasonably complex; ~~and~~
  - (2) any increase in *VENCorp's* systems and/or operational costs arising from application of the principles and procedures should not be disproportionate to the aggregate amounts of *ancillary payments* likely to be made;
  - (3) so far as practicable and subject to other parts of this clause 3.6.8(b), *uplift payments* are to be allocated to the cause;

- (4) so far as practicable and subject to other parts of this clause 3.6.8(b), the allocation of uplift payments must consider the impact on relevant investment signals; and
- (5) the allocation of uplift payments arising from events which give rise to daily transmission constraints must consider exceedance of authorised MDQ and AMDQ credits in the methodology.-
- (c) A Market Participant ~~is liable to~~ must pay uplift payments in respect of withdrawals of gas by that Market Participant or by Customers who purchase gas from that Market Participant in accordance with the principles of clause 3.6.8(b) and the procedures published by VENCORP under clauses 3.6.8(a) and 3.6.8(aa).
- (d) For the avoidance of doubt, nothing in clause 3.6.8(c) precludes a Retailer from recovering from its Customers the amount of any liability to pay uplift payments in respect of withdrawals of gas by those Customers.
- (da) Subject to clause 3.6.8(db) a Transmission Pipeline Owner must pay uplift payments calculated in accordance with the principles of clause 3.6.8(b), the quantity determined under clause 3.6.8 (f) (1), and the procedures published by VENCORP under clauses 3.6.8(a) and 3.6.8(aa).
- (db) Where the amount of uplift payment attributable to the failure of the relevant Transmission Pipeline Owner to fulfil its obligations under its service envelope agreement in any trading interval exceeds any applicable limit on the Transmission Pipeline Owner's liability for uplift payments under its service envelope agreement (if any and if applicable), then Market Participants must pay the uplift payment amount in excess of the applicable limit and in accordance the procedures published by VENCORP under clauses 3.6.8(a) and 3.6.8(aa).
- (e) As soon as reasonably practicable, VENCORP must publish details of total amounts of ancillary payments to be made in respect of each trading interval and the portions of those ancillary payments which are due to transmission constraints, if any.
- (f) If, in accordance with the principles and procedures published by VENCORP under clauses 3.6.8(a) and 3.6.8(aa), VENCORP determines that any part of any ancillary payments which are payable in respect of a trading interval is attributable to a transmission constraint, then VENCORP must also determine and publish:
- (1) after following any procedures for doing so and taking into consideration any other relevant matter set out in the relevant service envelope agreement, the extent (measured in GJ) to which that transmission constraint was caused by the failure of the relevant Transmission Pipeline Owner to fulfil its obligations under its service envelope agreement in that trading interval;

- (2) the aggregate of any quantities of gas withdrawn at *tariff D withdrawal points* in that *trading interval* in excess of the *authorised MDQ* applicable to those *tariff D withdrawal points*;
- (3) the aggregate quantity of gas, if any, withdrawn at all *tariff V withdrawal points* in that *trading interval* in excess of the aggregate *authorised MDQ* applicable to those *tariff V withdrawal points*; and
- (4) the aggregate quantity of gas withdrawn at all *tariff D withdrawal points* in that *trading interval*.

~~(g) Subject to clauses 3.6.8(ga) and (l) and the relevant *service envelope agreement*, the amount payable by the relevant *Transmission Pipeline Owner* in respect of a *trading interval* due to any failure by that *Transmission Pipeline Owner* to fulfil its obligations under its *service envelope agreement* in that *trading interval* is to be determined by *VENCorp* as follows:~~

$$U_{TPO} = \frac{AP_{TC} \times Q_{TPO}}{Q_{TC}}$$

where:

~~$U_{TPO}$  is the amount of *uplift payment* attributable to the failure of the relevant *Transmission Pipeline Owner* in \$ to fulfil its obligations under its *service envelope agreement* in that *trading interval*;~~

~~$AP_{TC}$  is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a)(1);~~

~~$Q_{TPO}$  is the quantity in GJ determined in accordance with clause 3.6.8(f)(1); and~~

~~$Q_{TC}$  is the total size of the *transmission constraint*, expressed in GJ, as estimated under clause 3.6.8(a)(2).~~

~~(ga) If in any *trading interval* the amount of *uplift payment* attributable to the failure of the relevant *Transmission Pipeline Owner* to fulfil its obligations under its *service envelope agreement* in that *trading interval* is greater than any applicable limit on the *Transmission Pipeline Owner's* liability for *uplift payments* under the relevant *service envelope agreement* (if any and if applicable):~~

~~(1) the value of  $U_{TPO}$  is to be reduced by an amount of  $TPO_x$  which results in the payment by the *Transmission Pipeline Owner* of an *uplift payment* in respect of that *trading interval* that is no greater than the applicable limit on the *Transmission Pipeline Owner's* liability as set out in the relevant *service envelope agreement*; and~~



~~(2) — the amount of  $TPO_x$ , being the additional payment that the *Transmission Pipeline Owner* would have paid if not for the application of this clause 3.6.8(ga), is to be treated in accordance with clause 3.6.8(gb).~~

~~(gb) — If for any *trading interval* there is a value of  $TPO_x$  under clause 3.6.8(ga)(2) for a *Transmission Pipeline Owner*, then an additional amount of *uplift payments* will be payable by each *Market Participant* in respect of all quantities of gas withdrawn by that *Market Participant* or its *Customers* in that *trading interval* and the amount of the additional *uplift payments* ( $U_{TPOX}$ ) payable by each *Market Participant* is to be determined as follows:~~

$$U_{TPOX} = \frac{\Sigma TPO_x \times Q_T}{\Sigma Q_T}$$

~~where:~~

~~$\Sigma TPO_x$  is, in respect of all *Transmission Pipeline Owners*, the sum of the reductions of all amounts of *uplift payments* otherwise payable by those *Transmission Pipeline Owners* due to the application of clause 3.6.8(ga);~~

~~$Q_T$  is the total quantity of gas, expressed in GJ, withdrawn by that *Market Participant* or its *Customers* in that *trading interval*; and~~

~~$\Sigma Q_T$  is the total quantity of gas in GJ withdrawn by all *Market Participants* or their *Customers* in that *trading interval*.~~

~~(gc) — The *AMDQ credits* at a *system injection point* for which a *Market Participant* is the registered holder of *AMDQ credits certificates*, is the lesser of:~~

~~(1) — the amount in GJ certificated by *AMDQ credits certificates* registered to that *Market Participant* at that *system injection point*;~~

~~(2) — the amount in GJ of the *AMDQ credit nomination* by the *Market Participant* who is the registered holder of the relevant *AMDQ credits certificates* at that *system injection point*;~~

~~(3) — the amount in GJ scheduled by *VENCorp* to be injected at that *system injection point*; and~~

~~(4) — the actual quantity of gas injected at that *system injection point* in response to a *scheduling instruction* for that *trading interval*.~~

~~(gd) —  $TUH$  for a *Market Participant* is the total amount of *AMDQ credits* utilised as an uplift hedge by a *Market Participant* who is the registered holder of *AMDQ credit certificates*, determined as the lesser of:~~

- (1) ~~the total quantity of all AMDQ credits determined in accordance with clause 3.6.8(gc) available to a Market Participant from all relevant system injection points; and~~
- (2) ~~the total quantity of exceedence of authorised MDQ ( $MDQ_E$ ) attributable to that Market Participant or Customers of that Market Participant, where:~~

~~$$MDQ_E = \frac{Q_{UAD} + \frac{Q_{UAV} \times Q_V}{\Sigma Q_V} + \frac{Q_{UAR} \times Q_{AD}}{\Sigma Q_{AD}}}{}$$~~

~~and  $Q_{UAD}$ ,  $Q_{UAV}$ ,  $Q_V$ ,  $\Sigma Q_V$ ,  $Q_{UAR}$ ,  $Q_{AD}$  and  $\Sigma Q_{AD}$  have the meanings given in this clause 3.6.8~~

- (h) ~~Subject to clause 3.6.8(1), the amount of uplift payments payable by a Market Participant in respect of any gas withdrawn by that Market Participant or by Customers of that Market Participant in a trading interval at tariff D withdrawal points in excess of the authorised MDQ applicable to those tariff D withdrawal points, is to be determined as follows:~~

~~$$U_{UAD} = \frac{AP_{TC} \times Q_{UADM}}{Q_{TC}}$$~~

~~where:~~

~~$U_{UAD}$  is the amount of uplift payments payable in \$;~~

~~$AP_{TC}$  is the total amount in \$ of ancillary payments attributable to transmission constraints payable in respect of that trading interval as determined by VENC Corp in accordance with clause 3.6.8(a)(1);~~

~~$Q_{UADM}$  is determined as:~~

- ~~(1) where  $TUH < Q_{UAD}$ , then  $Q_{UADM} = Q_{UAD} - TUH$ ;~~

~~or~~

- ~~(2) where  $TUH \geq Q_{UAD}$ , then  $Q_{UADM} = \text{zero}$ ;~~

~~where:~~

~~$Q_{UAD}$  is the sum of the quantities, expressed in GJ, by which withdrawals of gas by the *Market Participant* or by *Customers* of that *Market Participant* at each *tariff D* withdrawal point in that trading interval exceeded the authorised *MDQ* applicable to those withdrawals of gas;~~

~~$TUH$  is determined in accordance with clause 3.6.8 (gd)~~

~~$Q_{TC}$  is the total size of the *transmission constraint*, expressed in GJ, as estimated in accordance with the procedures established under clause 3.6.8(a)(2).~~

~~(i) Subject to clause 3.6.8(1), the amount of *uplift payment*, if any, payable by a *Market Participant* in respect of gas withdrawn by that *Market Participant* or by *Customers* of that *Market Participant* in a trading interval at *tariff V* withdrawal points is to be determined as follows:~~

~~$$U_{UAV} = \frac{AP_{TC} \times Q_{UAVM}}{Q_{TC}}$$~~

~~where:~~

~~$U_{UAV}$  is the amount of *uplift payments* payable in \$;~~

~~$AP_{TC}$  is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* in respect of that trading interval as determined by *VENCorp* in accordance with clause 3.6.8(a)(1);~~

~~$Q_{UAVM}$  is determined as:~~

~~(1) where  $TUH \leq Q_{UAD}$~~

~~$$\text{then } Q_{UAVM} = \frac{Q_{UAV} \times Q_V}{\sum Q_V}$$~~

~~or~~

~~(2) where  $Q_{UAD} < TUH < Q_{UAD} + \frac{Q_{UAV} \times Q_V}{\sum Q_V}$~~

~~$$\text{then } Q_{UAVM} = Q_{UAD} + \frac{Q_{UAV} \times Q_V}{\sum Q_V} - TUH$$~~

~~$$\frac{\text{---}}{\Sigma Q_V}$$~~  
or

~~(3) where  $\text{TUH} \geq Q_{\text{UAD}} + \frac{Q_{\text{UAV}} \times Q_V}{\Sigma Q_V}$~~   
then  $Q_{\text{UAVM}} = \text{zero}$

where

~~$Q_{\text{UAV}}$  is the amount, expressed in GJ, by which the total quantity of gas withdrawn at all *tariff V withdrawal points* in that *trading interval* exceeded the *authorised MDQ* applicable to those withdrawals of gas, as determined under clause 3.6.8(f)(3);~~

~~$Q_{\text{UAD}}$  has the meaning ascribed to it in 3.6.8 (h)~~

~~$\text{TUH}$  is determined in accordance with clause 3.6.8 (gd)~~

~~$Q_V$  is the total quantity of gas, expressed in GJ, withdrawn by the *Market Participant* or by *Customers* of that *Market Participant* at *tariff V withdrawal points* in that *trading interval*;~~

~~$\Sigma Q_V$  is the total quantity of gas, expressed in GJ, withdrawn by all *Market Participants* or their *Customers* at all *tariff V withdrawal points* in that *trading interval*; and~~

~~$Q_{\text{TC}}$  is the total size of the *transmission constraint*, expressed in GJ, as estimated in accordance with the procedures established under clause 3.6.8(a)(2).~~

~~(j) Subject to clause 3.6.8(1), an additional *uplift payment* is to be paid by each *Market Participant* in respect of all quantities of gas withdrawn by that *Market Participant* or its *Customers* in that *trading interval* from *tariff D withdrawal points* and the amount of that additional *uplift payment* is to be determined as follows:~~

~~$$U_{\text{UAR}} = \frac{AP_{\text{TC}} \times Q_{\text{UARM}}}{Q_{\text{TC}}}$$~~

where:

~~U<sub>UAR</sub>~~ is the amount of *uplift payment* payable in \$;

~~AP<sub>TC</sub>~~ is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* in respect of that *trading interval* as determined by *VENCorp* in accordance with the procedures established under clause 3.6.8(a)(1);

~~Q<sub>UARM</sub>~~ is determined as follows:

(1) where ~~$$\text{TUH} \leq \text{Q}_{\text{UAD}} + \frac{\text{Q}_{\text{UAV}} \times \text{Q}_{\text{V}}}{\Sigma \text{Q}_{\text{V}}}$$~~

then ~~$$\text{Q}_{\text{UARM}} = \text{Q}_{\text{UAR}}$$~~

or

(2) where ~~$$\text{Q}_{\text{UAD}} + \frac{\text{Q}_{\text{UAV}} \times \text{Q}_{\text{V}}}{\Sigma \text{Q}_{\text{V}}} < \text{TUH} < \text{Q}_{\text{UAD}} + \frac{\text{Q}_{\text{UAV}} \times \text{Q}_{\text{V}}}{\Sigma \text{Q}_{\text{V}}} + \frac{\text{Q}_{\text{UAR}} \times \text{Q}_{\text{AD}}}{\Sigma \text{Q}_{\text{AD}}}$$~~

then ~~$$\text{Q}_{\text{UARM}} = \text{Q}_{\text{UAD}} + \frac{\text{Q}_{\text{UAV}} \times \text{Q}_{\text{V}}}{\Sigma \text{Q}_{\text{V}}} + \frac{\text{Q}_{\text{UAR}} \times \text{Q}_{\text{AD}}}{\Sigma \text{Q}_{\text{AD}}} - \text{TUH}$$~~

or

(3) where ~~$$\text{TUH} \geq \text{Q}_{\text{UAD}} + \frac{\text{Q}_{\text{UAV}} \times \text{Q}_{\text{V}}}{\Sigma \text{Q}_{\text{V}}} + \frac{\text{Q}_{\text{UAR}} \times \text{Q}_{\text{AD}}}{\Sigma \text{Q}_{\text{AD}}}$$~~

then ~~Q<sub>UARM</sub>~~ = zero;

where

~~Q<sub>UAD</sub>~~ has the meaning ascribed to it in 3.6.8 (h)

~~Q<sub>UAV</sub>~~ has the meaning ascribed to it in 3.6.8 (i)

~~Q<sub>V</sub>~~ has the meaning ascribed to it in 3.6.8 (i)

~~ΣQ<sub>V</sub>~~ has the meaning ascribed to it in 3.6.8 (i)

~~TUH~~ is determined in accordance with clause 3.6.8 (gd)

~~Q<sub>UAR</sub> is determined in accordance with clause 3.6.8(1);~~

~~Q<sub>AD</sub> is the quantity of gas, expressed in GJ, which is the sum for all *tariff D withdrawal points* at which gas is withdrawn by that *Market Participant* or its *Customers* of either the quantity of gas withdrawn in that *trading interval* or the applicable *authorised MDQ* whichever is the lower quantity at each *tariff D withdrawal point*;~~

~~ΣQ<sub>AD</sub> is the sum of Q<sub>AD</sub> for all *Market Participants*; and~~

~~Q<sub>TC</sub> is the total size of the *transmission constraint*, expressed in GJ, as estimated in accordance with the procedures established under clause 3.6.8(a)(2).~~

(k) ~~The amount of any *uplift payments* payable by each *Market Participant* in respect of *ancillary payments* in a *trading interval* other than those attributable to *transmission constraints* is to be determined by *VENCorp* as follows:~~

$$U_s = \frac{(\text{TAP} - \text{AP}_{\text{TC}}) \times Q_T}{\Sigma Q_T}$$

where:

~~U<sub>s</sub> is the amount of *uplift payments* payable in \$;~~

~~TAP is the total amount of *ancillary payments* payable in respect of that *trading interval* determined in accordance with clause 3.6.7;~~

~~AP<sub>TC</sub> is the total amount in \$ of *ancillary payments* attributable to *transmission constraints* payable in respect of that *trading interval* as determined by *VENCorp* in accordance with clause 3.6.8(a);~~

~~Q<sub>T</sub> is the total quantity of gas, expressed in GJ, withdrawn from the *transmission system* by that *Market Participant* in that *trading interval*; and~~

~~ΣQ<sub>T</sub> is the total quantity of gas in GJ withdrawn by all *Market Participants* in that *trading interval*.~~

(l) ~~The determination of *uplift payments* payable by *Participants* under this clause 3.6.8 is subject to the following:~~

(1) ~~if (ΣQ<sub>UAD</sub> + Q<sub>UAV</sub> + Q<sub>TPO</sub>) < Q<sub>TC</sub>, then:~~

$$Q_{UAR} = Q_{TC} - (\Sigma Q_{UAD} + Q_{UAV} + Q_{TPO})$$

(2) if  $(\Sigma Q_{UAD} + Q_{UAV} + Q_{TPO}) \geq Q_{TC}$ , then:

$$Q_{UAR} = 0;$$

and  $U_{UAR} = 0$ ;

and the *uplift payments* payable by *Market Participants* as determined in accordance with clauses 3.6.8(g), (h) and (i) are to be adjusted as follows:

$$(A) \quad U_{TPO} = \frac{AP_{TC} \times Q_{TPO}}{\Sigma Q_{UADM} + \Sigma Q_{UAVM} + Q_{TPO}}$$

(subject to any limit of liability to uplift payments in accordance with the relevant service envelope agreement);

$$(B) \quad U_{UAV} = \frac{AP_{TC} \times Q_{UAVM}}{\Sigma Q_{UADM} + \Sigma Q_{UAVM} + Q_{TPO}}$$

$$(C) \quad U_{UAD} = \frac{AP_{TC} \times Q_{UAD}}{\Sigma Q_{UADM} + \Sigma Q_{UAVM} + Q_{TPO}}$$

#### SCHEDULE 7.1 CLASSIFICATION OF RULES

3.6.8(a)	<i>VENCorp</i> must establish and <i>publish principles and</i> procedures for determining <i>ancillary uplift payments in consultation with Transmission Pipeline Owners and Market Participants.</i>	RP
3.6.8(aa)	<i>VENCorp</i> may modify <i>uplift payment procedures in consultation with Transmission Pipeline Owners and Market Participants</i>	RP

3.6.8(c)	A Retailer who sells gas to Customers <del>is liable</del> <del>to</del> <u>must</u> pay uplift payments in respect of withdrawals of gas by those Customers.	CP
3.6.8(da)	<u>Transmission Pipeline Owners must pay uplift payments.</u>	<u>CP</u>
3.6.8(db)	<u>Market Participants must pay uplift payments in excess of the uplift payments obligations placed on Transmission Pipeline Owners under their respective service envelope agreements.</u>	<u>CP</u>

### MSOR CHANGES: GENERAL UPDATING AND REMOVAL OF REDUNDANT PROVISIONS

<p><b>1.1.3 The regulatory framework</b></p> <p>diagram – change text box to read “GAS INDUSTRY ACT (VIC) <del>1994</del><u>2001</u>”</p>	<p>1.1.3 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p> <p>The Gas Industry Act 1994 is now known as the Gas Industry (Residual) Act 1994</p>
<p><b>1.1.4 Operation</b></p> <p>The <i>commencement date</i> of these Rules is:</p> <p>(1) for Chapters 1, 2, 5, 8, 10 and 11, the date on which these Rules <del>are</del><u>were</u> made under section 48N of the <del>Gas Industry Act</del> <u>Gas Industry (Residual Provisions) Act 1994</u>; and</p> <p>(2) for Chapters 3, 4, 6, 7 and 9, 15 March 1999. <del>or such other date or dates as may</del></p>	<p>1.1.4 Past completed event.</p>



<p><del>be specified by Order in Council published in the Victorian Government Gazette.</del></p>	<p>The defined term “commencement date” is still required as a reference for other MSOR clauses.</p>
<p><b>1.2.3 — Review of VENC Corp liability</b></p> <p><del>(a) — VENC Corp must undertake a review of the provisions of these Rules which limit VENC Corp’s liability in accordance with the public consultation procedures.</del></p> <p><del>(b) — VENC Corp must initiate the review referred to in clause 1.2.3(a) prior to the commencement date and complete the review within three months of the commencement date.</del></p> <p><del>(c) — As soon as practicable after the review referred to in clause 1.2.3(a) has been conducted, VENC Corp must produce a report on the review and that report must:</del></p> <p style="padding-left: 40px;"><del>(1) — be provided to the Regulator upon completion; and</del></p> <p style="padding-left: 40px;"><del>(2) — made available to other interested parties upon request.</del></p> <p><del>(d) — The findings of the report must be considered by VENC Corp in consultation with the Regulator.</del></p>	<p>1.2.3 Refers to a one off review undertaken prior to market start</p>
<p><b>2.1 Registration with VENC Corp</b></p> <p>(c) Subject to clause 2.1(e), a person may apply to VENC Corp to be registered as a <i>Market Participant</i> in one or more of the following categories:</p> <p style="padding-left: 40px;">(1) <i>Producers</i>;</p> <p style="padding-left: 40px;">(2) <i>Traders</i>;</p> <p style="padding-left: 40px;">(3) <i>Retailers</i>;</p>	<p>2.1(c)(6) For consistency terminology should be the same as 2.1(a)(6).</p>

- |   |  |
|---|--|
| <p>(4) <i>Transmission Customers;</i></p> <p>(5) <i>Distribution Customers; or</i></p> <p>(6) <del><i>owners and/or operators of LNG storage facilities and other storage facilities-storage providers.</i></del></p> |  |
|---|--|

<p><b>3.1.4 Withdrawal nominations</b></p> <p>(a) A <i>Market Participant</i> must submit a separate <i>withdrawal nomination</i> in respect of each <i>system withdrawal <del>zone</del> point</i> from which it intends to withdraw gas on a <i>gas day</i>.</p> <p>(b) Each <i>withdrawal nomination</i> must specify:</p> <ol style="list-style-type: none"> <li>(1) the <i>gas day</i> in respect of which the <i>withdrawal nomination</i> applies;</li> <li>(2) the identity of the <i>Market Participant</i> submitting the <i>withdrawal nomination</i>;</li> <li>(3) the <i>system withdrawal <del>zone</del> point</i> from which the <i>Market Participant</i> submitting the <i>withdrawal nomination</i> proposes to withdraw quantities of gas;</li> <li>(14) if the <i>Market Participant</i> intends to submit a <i>withdrawal inc/dec offer</i> in respect of that <i>system withdrawal <del>zone</del> point</i> for that <i>gas day</i>, the <i>controllable quantity</i> nominated by the <i>Market Participant</i> in respect of that <i>system withdrawal <del>zone</del> point</i>; and</li> <li>(25) the quantity of gas nominated for withdrawal at that <i>system withdrawal <del>zone</del> point</i> for each hour of that <i>gas day</i>.</li> </ol>	<p>3.1.4(a) &amp; (b) In practice nominations and inc/dec offers are referenced to a system withdrawal “point” and not to a “zone”.</p>
<p><b>3.1.5 Inc/dec offers</b></p> <p>(b) An <i>inc/dec offer</i> must specify:</p> <ol style="list-style-type: none"> <li>(1) the identity of the <i>Market Participant</i> by whom it is made;</li> <li>(2) the <i>gas day</i> to which the offer relates;</li> <li>(3) the <i>system injection point</i> (in the case of an <i>injection inc/dec offer</i>) or</li> </ol>	<p>3.1.5(b) &amp; (g) In practice nominations and inc/dec offers are</p>

<p><i>system withdrawal point</i> (in the case of a <i>withdrawal inc/dec offer</i>) in relation to which the offer is made; and</p> <p>(4) up to ten <i>price steps</i>.</p> <p>(c) Each <i>price step</i> must specify:</p> <p>(1) a single price, expressed in \$/GJ to four decimal places, which is to apply throughout the <i>gas day</i>; and</p> <p>(2) for the <i>gas day</i>, the total quantity of gas, expressed in GJ, up to which the <i>Market Participant</i> is offering to inject gas into, or withdraw gas from, the <i>transmission system</i> at the price specified in clause 3.1.5(c)(1).</p> <p>(e) In the case of <i>withdrawal inc/dec offer</i>, the quantity of gas specified in a <i>price step</i> (referred to in this clause as the “<i>higher price step</i>”) must not be greater than the quantity of gas specified in any <i>price step</i> which specifies a price which is less than the price specified in the <i>higher price step</i>.</p> <p>(g) A <i>Market Participant</i> may only make a <i>withdrawal inc/dec offer</i> in respect of a <i>system withdrawal point</i> on a <i>gas day</i> if and to the extent that it has:</p> <p>(1) nominated a <i>controllable quantity</i> for that <i>system withdrawal point</i> on that <i>gas day</i>; and</p> <p>(2) registered with <i>VENCorp</i> a maximum <i>controllable quantity</i> in respect of that <i>system withdrawal point</i> in accordance with clause 3.1.6 equal to or in excess of the <i>controllable quantity</i> nominated by that <i>Market Participant</i> for that <i>system withdrawal point</i> on that <i>gas day</i>.</p>	<p>referenced to a system withdrawal “point” and not to a “zone”.</p> <p>3.1.5(c) &amp; (e) Hourly bidding was removed from the MSOR prior to market start – these changes were overlooked at that time.</p>
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### 3.1.6 Accreditation of controllable quantities

(a) A *Market Participant* who wishes to:

- (1) submit *withdrawal inc/dec offers* in respect of a *system withdrawal ~~zone~~ point*; or
- (2) submit *injection inc/dec offers* in respect of a *system injection point*; and
- (3) receive any *ancillary payments* resulting from the *scheduling* of those *inc/dec offers*,

must apply to *VENCorp* for accreditation of the *controllable quantities* in respect of which the *Market Participant* intends to submit those *inc/dec offers*.

(b) An application for accreditation by a *Market Participant* of a *controllable quantity* in respect of a *withdrawal inc/dec offer* must specify:

- (1) the *delivery point* ~~point~~ to which the application relates;
- (2) details of the load characteristics of the *controllable quantity* at the *delivery point* ~~point~~, including:
  - (A) maximum hourly quantities of gas to be withdrawn at that *delivery point*;
  - (B) minimum and maximum daily quantities of gas to be withdrawn at that *delivery point* ~~point~~ for the purposes of application by *VENCorp* in planning and operational studies of the *transmission system*;
  - (C) maximum hourly rates of change of gas *flow rates* ~~relative to the previous hour~~;

3.1.6(a)

In practice nominations and inc/dec offers are referenced to a system withdrawal "point" and not to a "zone".

3.1.6(b)

The rate of change is not related to the rate of

change in the previous or any other hour.

(D) any conditions relevant to the *withdrawal inc/dec offer* including but not limited to the period of time required by the *Market Participant* after the *Market Participant* receives a *scheduling instruction* in respect of the offer before the *Market Participant* will be able to modify the *gas flow rate* at the relevant *system point* in accordance with the offer and a time by which *VENCorp* must issue a *scheduling instruction* in respect of the offer if it is intended that the *Market Participant* will modify its *gas flow rate*; and

(E) such other information as *VENCorp* may require; and

(3) the specific actions that will be taken to increase or decrease withdrawals at the relevant *delivery point* when the applicable *withdrawal inc/dec offer* is *scheduled* by *VENCorp* and the methods which will be used to verify that those actions have been taken.

(ba) An application for accreditation by a *Market Participant* of a *controllable quantity* in respect of an *injection inc/dec offer* must specify:

(1) the *system injection point* to which the application relates;

(2) details of the injection characteristics of the *controllable quantity* at the *system injection point*, including:

(A) minimum and maximum hourly quantity of gas to be injected at that *delivery point*;

(B) maximum hourly rates of change of *gas flow rates* ~~relative to the previous hour~~;

(C) any conditions relevant to the *injection inc/dec offer* including but not limited to the period of time required by the *Market*

<p><i>Participant</i> after the <i>Market Participant</i> receives a <i>scheduling instruction</i> in respect of the offer before the <i>Market Participant</i> will be able to modify the <i>gas flow rate</i> at the relevant <i>system point</i> in accordance with the offer and a time by which <i>VENCorp</i> must issue a <i>scheduling instruction</i> in respect of the offer if it is intended that the <i>Market Participant</i> will modify its <i>gas flow rate</i>;</p> <p>(D) and such other information as <i>VENCorp</i> may require; and</p> <p>(3) the specific actions that will be taken to increase or decrease injections at the relevant <i>system injection point</i> when the applicable <i>injection inc/dec offer</i> is <i>scheduled</i> by <i>VENCorp</i></p>	
<p><b>3.1.8 — EoD linepack bids</b></p> <p><del>(a) — By no later than 8.00am on a day, a <i>Market Participant</i> may submit to <i>VENCorp</i> an <i>EoD linepack bid</i> offering to purchase <i>EoD linepack</i>.</del></p> <p><del>(b) — An <i>EoD linepack bid</i> must specify:</del></p> <p style="padding-left: 40px;"><del>(1) — the identity of the <i>Market Participant</i> submitting the <i>EoD linepack bid</i>; and</del></p> <p style="padding-left: 40px;"><del>(2) — up to five <i>EoD linepack price steps</i>.</del></p> <p><del>(c) — Each <i>EoD linepack price step</i> must specify:</del></p> <p style="padding-left: 40px;"><del>(1) — a single price, expressed in \$/GJ to four decimal places; and</del></p> <p style="padding-left: 40px;"><del>(2) — the total quantity of <i>EoD linepack</i> up to which the <i>Market Participant</i> is offering to purchase at that price.</del></p>	<p>3.1.8 Financial EoD linepack trading provisions have never been activated in the market as the concept was found to be flawed prior to market start.</p>

<p>(d) <del>The maximum quantity of gas specified in an <i>EoD linepack price step</i> for a <i>gas day</i> (referred to in this clause as the “<i>higher EoD linepack price step</i>”) must not be greater than the maximum quantity of gas specified in an <i>EoD linepack price step</i> for that <i>gas day</i> which specifies a price which is less than the price specified in the <i>higher EoD linepack price step</i>.</del></p> <p>(e) <del>An <i>EoD linepack bid</i> is an offer to purchase any quantity of <i>EoD linepack</i> that is greater than zero and less than or equal to the maximum quantity specified in the <i>price step</i> in that <i>EoD linepack bid</i> which specifies the lowest price.</del></p> <p>(f) <del><i>VENCorp</i> may allocate to a <i>Market Participant</i> any quantity of <i>EoD linepack</i> up to the maximum quantity specified in the <i>EoD linepack price step</i> which <i>VENCorp</i> accepts.</del></p>	
<p><b>3.1.9 Confirmation of nominations, <u>and</u> inc/dec offers <u>and</u> <del><i>EoD linepack bids</i></del></b></p> <p>(a) Each <i>Market Participant</i> is responsible for verifying that the information posted on the <i>market information bulletin board</i> relating to its <i>nominations <u>and</u> inc/dec offers <u>and</u> <del><i>EoD linepack bids</i></del></i> is accurate and correct.</p> <p>(b) <i>VENCorp</i> is under no obligation to verify that the information posted on the <i>market information bulletin board</i> relating to a <i>Market Participant’s nominations, <u>or</u> inc/dec offers <u>or</u> <del><i>EoD linepack bids</i></del></i> is accurate and correct.</p> <p>(c) <i>VENCorp</i> must provide acknowledgment of receipt of and, subject to clause 3.1.9(b), validate all <i>nominations, <u>or</u> inc/dec offers <u>or</u> <del><i>EoD linepack bids</i></del></i> submitted by <i>Market Participants</i> in accordance with the <i>electronic communication procedures</i>.</p> <p>(d) <i>VENCorp</i> must ensure that the information relating to each <i>Market Participant’s nominations, <u>or</u> inc/dec offers <u>and</u> <del><i>EoD linepack bids</i></del></i> posted on the <i>market information bulletin board</i> is used for the purposes of <i>scheduling, pricing and settlement</i> in accordance with these Rules.</p> <p>(e) If a <i>nomination, <u>or</u> an inc/dec offer <u>or</u> an <del><i>EoD linepack bid</i></del></i> is invalid (as</p>	<p>3.1.9 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>



<p>determined by <i>VENCorp</i> in accordance with the <i>electronic communication procedures</i>), <i>VENCorp</i> must not <i>schedule</i> that <i>nomination, inc/dec offer</i> or <i>EoD linepack bid</i> and must, as soon as reasonably practicable after it becomes aware of the invalidity of the <i>nomination, <del>or inc/dec offer or EoD linepack bid</del></i>, notify the <i>Market Participant</i> who has submitted the <i>nomination, <del>or inc/dec offer or EoD linepack bid</del></i> of its invalidity.</p>	
<p><b>3.1.10 Other nomination, <u>and</u> inc/dec offer <del>and EoD linepack bid</del> requirements</b></p> <p>(a) <i>Market Participants</i> must submit their <i>nominations, <u>and</u> inc/dec offers <del>and EoD linepack bids</del></i> to <i>VENCorp</i> in accordance with the <i>electronic communication procedures</i>, unless otherwise determined by <i>VENCorp</i>.</p> <p><del>(d) — An <i>EoD linepack bid</i> submitted by a <i>Market Participant</i> in respect of a <i>gas day</i> will be deemed to be revoked by a subsequent <i>EoD linepack bid</i> submitted by that <i>Market Participant</i> in respect of that same <i>gas day</i>.</del></p> <p>(e) A <i>Market Participant</i> may submit, vary and revoke <i>standing nominations, <u>and</u> standing inc/dec offers <del>and standing EoD linepack bids</del></i>, provided that it does so in accordance with the <i>electronic communication procedures</i>.</p>	<p>3.1.10 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>
<p><b>3.1.12 Preliminary and final operating schedules</b></p> <p>(b) The inputs and assumptions set out in clause 3.1.12(a) are to be applied by <i>VENCorp</i> in an optimisation program in which <i>nominations, <u>and</u> inc/dec offers <del>and EoD linepack bids</del></i> submitted by <i>Market Participants</i> are used to produce <i>preliminary operating schedules</i> and <i>final operating schedules</i> which specify injections and withdrawals for each hour of the <i>gas day</i> in a way that minimises the cost of satisfying demand for gas over that <i>gas day</i> taking account of any <i>transmission constraints</i> affecting the transmission or storage of gas in the <i>transmission system</i> during that <i>gas day</i>.</p>	<p>3.1.12(b) Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>
<p><b>3.2.1 Determination of market price</b></p>	

(c) *VENCorp* must use the following inputs for the purpose of producing the *pricing schedule* for a *gas day* and for the purpose of doing so, *VENCorp* is to assume that there are no *transmission constraints* affecting the transportation or storage of gas in the *transmission system* during that *gas day*:

- (1) valid *nominations* and valid *inc/dec offers* submitted by the *Market Participant* in respect of that *gas day*;
- (2) the actual market demand (as defined in clause 3.2.1(d)) ~~for each hour in respect~~ of that *gas day*;
- (3) the actual quantities of gas injected into the *transmission system* ~~during each hour in respect~~ of that *gas day*;
- ~~(4) the quantity of *EoD linepack* purchased by *Market Participants* in respect of the previous *gas day* in accordance with clause 3.4.2;~~
- ~~(5) valid *EoD linepack bids* submitted by *Market Participants* in respect of that *gas day*; and~~
- ~~(6) *EoD linepack capacity*;~~

and any other inputs or assumptions specified for that purpose in the *gas scheduling procedures*.

(e) The inputs and assumptions set out in clause 3.2.1(c) are to be applied by *VENCorp* in an optimisation program in which *nominations*, ~~and~~ *inc/dec offers* ~~and *EoD linepack bids*~~ submitted by *Market Participants* are used to produce a *pricing schedule* which specifies injections and withdrawals of gas to be made in each *trading interval* and each *pricing zone* in a way which minimises the cost of satisfying the actual market demand for gas (as defined under clause 3.2.1(d)) in that *trading interval* and for the purpose of doing so, *VENCorp* is to assume that there are no *transmission constraints* affecting the transportation or

3.2.1(c)

“for each hour” is redundant as it is already built into 3.2.1

3.2.1(c), (e) & (f)

Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.

<p>storage of gas in the <i>transmission system</i> during that <i>gas day</i>.</p> <p>(f) The <i>pricing schedule</i> for a <i>gas day</i> will determine:</p> <p>(1) the <i>market price</i> for each <i>pricing zone</i> for that <i>gas day</i>;</p> <p>(2) the quantity of gas that each <i>Market Participant</i> would have been <i>scheduled</i> to inject and/or withdraw in each hour of the <i>gas day</i> on the basis of the inputs and assumptions applied under clause 3.2.1(c);</p> <p><del>(3) the quantity of EoD linepack (if any) purchased by each Market Participant who submitted an EoD linepack bid in respect of that gas day; and</del></p> <p><del>(4) the price of EoD linepack capacity for that gas day.</del></p>	
<p><b>3.2.4 VoLL</b></p> <p><del>(e) Within 2 years of the commencement date, VENC Corp must conduct a review of the value of VoLL in accordance with the public consultation procedures.</del></p> <p>(d) <del>After the initial review of VoLL referred to in clause 3.2.4(e),</del> VENC Corp must undertake a review of VoLL in accordance with this clause 3.2.4 at intervals not exceeding <del>two</del> <u>five</u> years <u>from the last review in accordance with this clause 3.2.4.</u></p> <p>(e) If VENC Corp determines that the value of VoLL should be changed as a result of the reviews referred to in <del>clauses 3.2.4(e) and (d)</del> <u>clause 3.2.4(d)</u>, VENC Corp must propose that the value of VoLL be changed in accordance with the rule change procedures in chapter 8.</p>	<p>3.2.4 An initial review has been completed.</p> <p>The lack of volatility in market activity lends itself to longer periods between reviews.</p>
<p><del>3.2.5 Transition to hourly locational pricing</del></p> <p><del>With effect from 1 December 2001, these Rules are to be amended, to change from daily pricing using one pricing zone to hourly and/or locational pricing, subject to net</del></p>	<p>3.2.5 This review has been completed – the clause is therefore redundant</p>

~~benefits being demonstrated by a review to be undertaken by VENCorp using the public consultation procedures and to be completed by no later than 1 December 2000.~~

- see also 9.1.1

<p><b>3.3.2 Funding the participant compensation fund</b></p> <p>(b) Subject to clause 3.3.2(c), the funding requirement for the <i>participant compensation fund</i> for each <i>financial year</i> until 30 June 2001 is the lesser of:</p> <p>(1) \$500,000; and</p> <p>(2) <del>\$2,000,000</del><u>\$1,000,000</u> minus the amount which <i>VENCorp</i> reasonably considers will be the balance of the <i>participant compensation fund</i> at the end of the relevant <i>financial year</i>.</p> <p>(c) The amount of the funding requirement referred to in clause 3.3.2(b):</p> <p><del>(1) can may</del> be varied from time to time by <i>VENCorp</i> in consultation with <i>Market Participants</i> and with the prior written consent of the <i>Regulator</i>. ; and</p> <p><del>(2) must be reviewed by VENCorp prior to 30 June 2001 to determine whether it has been set at an appropriate level, taking into consideration the amount of compensation paid from it in each financial year and any change to the amount of the funding requirement which results from that review must take effect from 1 July 2001.</del></p>	<p>3.3.2(b) Reflects approved given by the <i>VENCorp</i> Board on 24 September 2001 and ACCC approval given 3 October 2001.</p> <p>3.3.2(c) The 2001 review has been completed and this sub-clause is now redundant.</p>
<p><del><b>3.4 EoD LINEPACK</b></del></p> <p><del><b>3.4.1 Purpose of this clause</b></del></p> <p><del>This clause 3.4 sets out the basis on which:</del></p> <p><del>(a) a Market Participant may bid for EoD linepack; and</del></p> <p><del>(b) a Market Participant who purchases EoD linepack will receive daily EoD</del></p>	<p>3.4.1 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>

<p><del>linepack credits or daily EoD linepack debits in respect of purchases and sales of EoD linepack.</del></p>	
<p><b>3.4.2—Purchase of EoD linepack and determination of the price of EoD linepack and the price of EoD linepack capacity</b></p> <p><del>(a) — A Market Participant may offer to purchase EoD linepack on a gas day by submitting an EoD linepack bid to VENCORP in respect of that gas day in accordance with clause 3.1.8.</del></p> <p><del>(b) — Subject to clauses 3.4.2(c) to (h), VENCORP must allocate EoD linepack pursuant to EoD linepack bids and determine the price for EoD linepack and the price of EoD linepack capacity in respect of each gas day in accordance with the gas scheduling procedures and the pricing schedule.</del></p> <p><del>(c) — Only Market Participants whose EoD linepack bids in respect of a gas day specify prices equal to or greater than the market price for that gas day will be allocated any EoD linepack.</del></p> <p><del>(d) — The aggregate amount of EoD linepack allocated to Market Participants in respect of a gas day must not exceed the EoD linepack capacity.</del></p> <p><del>(e) — If the amount of EoD linepack bid for in respect of a gas day at a price equal to or greater than the market price for that gas day exceeds the EoD linepack capacity, the price of EoD linepack for that gas day will be determined by VENCORP, in accordance with gas scheduling procedures, as the price necessary to ensure that the amount of EoD linepack allocated in respect of that gas day is equal to the EoD linepack capacity.</del></p> <p><del>(f) — The price of EoD linepack capacity on a gas day is equal to the price of EoD linepack on that gas day as determined by VENCORP in accordance with this clause 3.4.2 less the market price for that gas day.</del></p> <p><del>(g) — If the amount of EoD linepack allocated in respect of a gas day is less than the</del></p>	<p>3.4.2 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>

<p>amount of the <i>EoD linepack capacity</i>, the price of <i>EoD linepack capacity</i> on that <i>gas day</i> is zero.</p> <p>(h) <del>— VENC Corp must notify each Market Participant who has submitted an <i>EoD linepack bid</i> in respect of a <i>gas day</i> as soon as reasonably practicable after the end of that <i>gas day</i> of the quantity of <i>EoD linepack</i> (if any) allocated to that <i>Market Participant</i> and the <i>EoD linepack price</i>.</del></p>	
<p><b>3.4.3—Effect of acceptance of EoD linepack bids</b></p> <p>(a) <del>— Where <i>EoD linepack</i> is allocated to a <i>Market Participant</i> in respect of a <i>gas day</i> (referred to in this clause as the “<i>current gas day</i>”) in accordance with clause 3.4.2:</del></p> <p style="padding-left: 40px;">(1) <del>— the quantity of <i>EoD linepack</i> allocated is deemed to have been purchased by that <i>Market Participant</i> on the <i>current gas day</i> at the price of <i>EoD linepack</i> for the <i>current gas day</i>;</del></p> <p style="padding-left: 40px;">(2) <del>— the quantity of <i>EoD linepack</i> allocated to that <i>Market Participant</i> (if any) in respect of the immediately preceding <i>gas day</i> is deemed to be sold by the <i>Market Participant</i> on the <i>current gas day</i> at the <i>market price</i> for the <i>current gas day</i>; and</del></p> <p style="padding-left: 40px;">(3) <del>— such deemed purchases and sales are to be taken into account in determining that <i>Market Participant’s</i> daily <i>EoD linepack credits</i> or <i>daily EoD linepack debits</i>.</del></p> <p>(b) <del>— Save as set out in this clause 3.4.3, the acceptance by VENC Corp of a <i>Market Participant’s EoD linepack bid</i> and the allocation of <i>EoD linepack</i> to a <i>Market Participant</i> does not confer any rights or privileges on the <i>Market Participant</i>, nor does it confer on the <i>Market Participant</i> any right, title or interest in or to any gas.</del></p>	<p>3.4.3 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>

<p><b>3.4.4—Determination of EoD linepack capacity</b></p> <p><del>(a) Prior to the commencement date, VENC Corp must:</del></p> <p style="padding-left: 40px;"><del>(1) determine the total amount of EoD linepack capacity which must be made available to Market Participants on the commencement date; and</del></p> <p style="padding-left: 40px;"><del>(2) publish the total amount of EoD linepack capacity determined by it pursuant to this clause 3.4.4 and the basis of its determination.</del></p> <p><del>(b) If, at any time after the commencement date, VENC Corp considers that there has been a material change in the amount of EoD linepack capacity, VENC Corp must determine and publish the amount of EoD linepack capacity and the basis of its determination.</del></p>	<p>3.4.4 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>
<p><b>3.6.6 Funding compensation payments and payments for gas supplied to VENC Corp under contract</b></p> <p>(bc) If compensation payments are to be paid by VENC Corp 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 VENC Corp calculated as:</p> $R_{AP} = \frac{CP_A \times N}{\Sigma N}$ <p>where</p> <p><b>R<sub>AP</sub></b> is the amount payable in \$ by a Market Participant to VENC Corp in respect of that trading interval;</p> <p><b>CP<sub>A</sub></b> is the total amount in \$ to be recovered by VENC Corp from all Market Participants under clause 6.7.6 or after the application of</p>	<p><b>3.6.6(bc)</b> Typographical error – reference to 3.3.6(bb) should have been 3.6.6(bb)</p>



<p style="text-align: center;"><del>3.3.6(bb)</del><u>3.6.6(bb)</u>, as the case may be, in that <i>trading interval</i>;</p> <p><b>N</b> is the <i>negative trading imbalance</i> in GJ of that <i>Market Participant</i> in that <i>trading interval</i>; and</p> <p><b>ΣN</b> is the sum of <i>negative trading imbalances</i> in GJ of all <i>Market Participants</i> in that <i>trading interval</i>.</p>	<p>3.3.6 refers to a clause with the heading “VENCORP and its officers not liable”</p>
<p><del><b>3.6.11 Review of linepack account</b></del></p> <p><del><i>VENCORP must establish, document and make available to Market Participants procedures for the regular review by the VENCORP Board of the linepack account and the basis upon which linepack transactions are to be funded.</i></del></p>	<p><b>3.6.11</b> As linepack details are made public through the MIBB there is full transparency and therefore no requirement for regular review by the Board</p>
<p><b>3.6.12 Linepack payments</b></p> <p>(a) <i>VENCORP</i> must clear the balance on the <i>linepack account</i> each month by charging or making payments to <i>Market Participants</i> in accordance with this clause 3.6.12.</p> <p>(b) If the sum of daily <i>linepack debits</i> for the relevant month plus the sum of payments made to <i>VENCORP</i> in accordance with clause <del>3.3.6(b)</del><u>3.6.6(b)</u> for the relevant month less the absolute sum of daily <i>linepack credits</i> for the relevant month (as determined under clause 3.6.10(c)) is a positive amount, each <i>Market Participant</i> who withdrew gas from the <i>transmission system</i> in that month must pay <i>VENCORP</i> an amount calculated as follows:</p> $PM = \frac{DB \times QW_i}{\Sigma QW_i}$ <p>Where:</p> <p><b>PM</b> is the amount which the <i>Market Participant</i> must pay;</p> <p><b>DB</b> is the sum of daily <i>linepack debits</i> for the relevant month plus the sum</p>	<p>3.6.12 <b>Typographical error – reference to 3.3.6(bb) should have been 3.6.6(bb)</b></p> <p>3.3.6 refers to a clause with the heading “VENCORP and its officers not liable”</p>

of payments made to *VENCorp* in accordance with clause ~~3.3.6(b)~~3.6.6(b) 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 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 ~~3.3.6(b)~~3.6.6(b) 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* 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 ~~3.3.6(b)~~3.6.6(b) 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

<p>clause 3.6.12 must be included by <i>VENCorp</i> in the <i>Market Participant's settlement statement</i> for the relevant month.</p> <p>(e)</p>	
<p><b>4.3.2 Gas quality standards at injection points</b></p> <p>(a) <i>VENCorp</i> may approve, in relation to a <i>system injection point</i>, a gas quality standard which is different to the <i>prescribed specifications</i> and accept delivery of gas at that <i>system injection point</i> which complies with that gas quality standard if:</p> <p>(1) all of the <i>Market Participants</i> who propose to inject gas which does not comply with the <i>prescribed specifications</i> into the <i>transmission system</i> at that <i>system injection point</i> have entered into a written contract:</p> <p>(A) with one or more of the <i>Market Participants</i> who inject gas which complies with the <i>prescribed specifications</i> into the <i>transmission system</i> at another <i>system injection point</i> regarding the acceptance of the proposed gas quality standard <b>to be co-mingled with their gas</b> at the <i>system injection point</i> first referred to in this clause 4.3.2(a); or</p> <p>(B) with a provider of gas processing services relating to the processing of the gas which does not comply with the <i>prescribed specifications</i> after that gas has been injected into the <i>transmission system</i>; and</p> <p>(2) <i>VENCorp</i> approves that contract and is satisfied that under the terms of the contract gas which complies with that gas quality standard can be co-mingled with other gas in the <i>transmission system</i> or processed so that:</p> <p>(A) gas transferred from the <i>transmission system</i> to each <i>distribution pipeline</i> at a <i>system withdrawal point</i> will, notwithstanding acceptance of gas which complies with that gas quality standard,</p>	<p>4.3.2(a)(1)(A) Clarifies the provision of clause 4.3.2(a)(2) which places the onus on the injector of off-spec gas to come to an arrangement (contractual) with an injector of within-spec gas and with whose gas the off-spec gas will mingle to produce a combined gas quality within acceptable standards.</p>

comply with the *prescribed specifications*; and

- (B) gas transferred from the *transmission system* to each *Transmission Customer* will, notwithstanding acceptance of gas which complies with that gas quality standard, comply with the gas quality standards agreed between *VENCorp* and each *Transmission Customer* in respect of its *transmission delivery point*.

<p><b>4.4.21 Register of metering information</b></p> <p>(d) Prior to the group of customers referred to in section 6B(1)(d) of the <del>Gas Industry Act</del> <b>Gas Industry (Residual Provisions) Act 1994</b> ceasing to be <i>Franchise Customers</i>, <i>VENCorp</i> must, in accordance with the <i>public consultation procedures</i>, establish, administer, and review transfer procedures to deal with registration procedures for transfer between <i>Retailers</i> of customers who are not <i>Franchise Customers</i>.</p>	<p>6.4.3 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>
<p><b>4.4.27 Evolving technologies and processes and development of the market</b></p> <p>(b) Prior to the group of customers referred to in section 6B(1)(c) of the <del>Gas Industry Act</del> <b>Gas Industry (Residual Provisions) Act 1994</b> ceasing to be <i>Franchise Customers</i>, <i>VENCorp</i> must review the requirement for <i>metering installations</i> to be installed at <i>distribution delivery points</i> from which gas is withdrawn by any <i>Customer</i> who purchases its gas from a <i>Retailer</i> other than the <i>Local Retailer</i>.</p>	<p>6.4.3 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>
<p><b>5.1.4 Spot market</b></p> <p>(e) By 4.00pm each day, <i>VENCorp</i> must <i>publish</i> for each <i>trading interval</i> in the previous <i>gas day</i>:</p> <ol style="list-style-type: none"> <li>(1) the <i>market price</i>;</li> <li>(2) the aggregate quantity of withdrawals of gas from each <i>system withdrawal zone</i> or such other area that <i>VENCorp</i> considers appropriate having regard to the commercial sensitivity of information relating to the demand and consumption patterns of <i>Customers</i> and the requirements of clause 5.2.4(f);</li> <li>(3) without limitatio, prices and quantities of gas specified in <i>inc/dec offers</i>;</li> </ol>	

<p>(4) aggregate quantities of gas specified in <i>nominations</i>;</p> <p>(5) details of the total quantity of gas injected into the <i>transmission system</i> at each <i>system injection point</i>;</p> <p>(6) details of the total quantity of gas <i>scheduled</i> in accordance with <i>withdrawal inc/dec offers</i> in each <i>system withdrawal zone</i> or such other area that <i>VENCorp</i> considers appropriate having regard to the commercial sensitivity of information relating to the demand and consumption patterns of <i>Customers</i> and the requirements of clause 5.2.4(f);</p> <p><del>(7) the aggregate quantity of <i>EoD linepack</i> purchases and the price of <i>EoD linepack</i>; and</del></p> <p>(8) details of any operational irregularities which arose including, for example, any circumstances in which, in <i>VENCorp's</i> reasonable opinion, there was evidence of a failure to follow <i>scheduling instructions</i>.</p>	<p>5.1.4(e) Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>
<p><b>6.2.1 Emergency</b></p> <p>(a) An <i>emergency</i> will be deemed to occur when:</p> <p>(1) <i>VENCorp</i> reasonably believes there to be a situation which may:</p> <p>(A) threaten the personal safety of any person;</p> <p>(B) cause material damage to the <i>transmission system</i>;</p> <p>(C) cause material damage to a <i>distribution pipeline</i> and impact on the operation of the <i>transmission system</i> or the <i>market</i>;</p> <p>(D) cause material damage to any property, plant or equipment; or</p>	

<p>(E) constitute a threat to <i>system security</i>,</p> <p>and <i>VENCorp</i> in its absolute discretion considers that the situation is an <i>emergency</i> and declares there to be an <i>emergency</i>; or</p> <p>(2) the Governor in Council by proclamation declares there to be an <i>emergency</i> under <del>Part 6A</del> <u>Part 9</u> of the <i>Gas Industry Act</i>; or</p>	<p>6.2.1 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>
<p><b>6.4.3 Emergency curtailment list</b></p> <p>(ae) Nothing in this clause 6.4.3 shall limit:</p> <p>(i) the powers of the <i>Minister</i> acting under <del>section 62G</del> <u>section 207</u> of the <i>Gas Industry Act</i> to give directions (including directions providing for the regulation of the available supply of gas having regard to the needs of the community), notwithstanding that those directions may differ from the <i>emergency curtailment list</i>; or</p> <p>(ii) the powers of the Director of the <i>Office of Gas Safety</i> acting under the <b>Gas Safety Act 1997</b> (Vic) to give directions (including directions providing for the regulation of the available supply of gas having regard to the needs of the community), notwithstanding that those directions may differ from the <i>emergency curtailment list</i>.</p> <p>(e) Notwithstanding clause 6.4.3(d) <i>VENCorp</i> shall, if required by the <i>Minister</i> or the <i>Office of Gas Safety</i>, disclose to the <i>Minister</i> or the <i>Office of Gas Safety</i> (as the case may be) any information and documents it has revealing the demand for or consumption of gas by any <i>Customer</i> if the <i>Minister</i> or the <i>Office of Gas Safety</i> certifies that such disclosure is required for any direction contemplated or given pursuant to <del>section 62G</del> <u>section 207</u> of the <i>Gas Industry Act</i> or pursuant to sections 106 or 107 of the <b>Gas Safety Act 1997</b> (Vic).</p>	<p>6.4.3 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>

<p><b>6.7.2 Force majeure events</b></p> <p>(b) An event referred to in clause 6.7.2(a) is any of the following events:</p> <p>(1) the Governor in Council by proclamation declares there to be an <i>emergency</i> under <del>Part 6A</del> <u>Part 9</u> of the <i>Gas Industry Act</i>, or any like or analogous event;</p> <p>(2) the <i>Office of Gas Safety</i> issues a direction sections 106 or 107 of the <b>Gas Safety Act 1997</b> (Vic) as the case may be, or any like or analogous event; or</p> <p>(3) an event that is:</p> <p>(A) neither anticipated nor controllable by <i>Participants</i> who are affected by the relevant event; and</p> <p>(B) restricted to acts of nature, governmental interventions and acts of war,</p> <p>or any like or analogous event.</p>	<p>6.7.2 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>
<p><b>6.7.3 Conditions for suspension of the market</b></p> <p>(a) Subject to clause 6.7.3(b), <i>VENCorp</i> may declare the <i>market</i> to be suspended when:</p> <p>(1) a <i>force majeure event</i> occurs;</p> <p>(2) an <i>emergency</i> occurs;</p> <p>(3) <i>VENCorp</i> has been directed by a <i>government authority</i> to suspend the <i>market</i> or operate all or part of the <i>transmission system</i> in a manner</p>	<p>6.7.2 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>



<p>contrary to the provisions of these Rules following a proclamation declaring that <del>Part 6A</del> <u>Part 9</u> of the <i>Gas Industry Act</i> is to apply or following any similar proclamation or declaration under any like or analogous emergency laws.</p> <p>(4) <i>VENCorp</i> determines that it is necessary to suspend the <i>market</i> because it has become impossible to operate the <i>market</i> in accordance with the provisions of these Rules or in accordance with the <i>market objectives</i>; and</p>	
<p><b>6.9.1 Gas Industry Act and other laws</b></p> <p>For the avoidance of doubt, nothing in clause 6 affects the application of <del>Part 6A</del> <u>Part 9</u> of the <i>Gas Industry Act</i> or any other like or analogous applicable emergency laws.</p>	<p>6.9.1 The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.</p>
<p><b>Schedule 7.1</b></p> <p>3.2.4(c) <i>VENCorp</i> must conduct <del>a regular</del> <u>reviews</u> of the value of VoLL <del>within twelve months of the commencement date.</del> [Regulatory provision]</p>	<p>To comply with proposed rule changes for VoLL</p>
<p><b>Schedule 7.1</b></p> <p><del>3.8</del> <u><i>VENCorp</i> to apply GST</u> [Conduct provision]</p>	<p>To cover with rule changes made some time ago</p>
<p><b>Schedule 7.1</b></p> <p><del>4.1.7(g)</del> <u><i>VENCorp</i> must publish connection guidelines.</u> [Regulatory provision]</p>	<p>To cover with rule changes made some time ago</p>
<p><b>Schedule 7.1</b></p> <p>5.3.3(b), 5.3.3(<del>bb</del><u>ba</u>) <i>VENCorp</i> must allocate additional <i>authorised MDQ</i> <u>and AMDQ credit certificates</u></p>	<p>To cover with rule changes made some time ago</p>

according to the direction of *Transmission Pipeline Owner*. [Regulatory provision]

<p><b>Schedule 7.1</b></p> <p>5.3.3(c) <i>VENCorp</i> must not allocate <i>authorised MDQ and AMDQ credit certificates</i> except in accordance with the direction of relevant <i>Transmission Pipeline Owner</i>. [Regulatory provision]</p>	<p>To cover with rule changes made some time ago</p>
<p><b>Schedule 7.1</b></p> <p><del>5.3.3(e) <i>Retailer</i> must give prior notice to <i>VENCorp</i> of <i>Customers</i> to whom additional <i>authorised MDQ</i> is to be attributed.</del></p>	<p>Clause 5.3.3 deleted by rule change made some time ago</p>
<p><b>Schedule 7.1</b></p> <p><del>5.3.3(f) <i>Retailer's</i> liability for payment of <i>uplift payments</i> if withdrawals by <i>Customers</i> exceed <i>authorised MDQ</i></del></p>	<p>Clause 5.3.3 deleted by rule change made some time ago</p>
<p><b>Schedule 7.1</b></p> <p>5.3.5(a) <del><i>Persons may transfer Authorised MDQ in accordance with procedures developed and published by VENCorp is valid only for withdrawals of gas at delivery points in respect of which it was first allocated.</i></del> [Conduct provision]</p>	<p>To cover with rule changes made some time ago</p>
<p><b>Schedule 7.1</b></p> <p>5.3.5(b) <i>VENCorp</i> must <del>advise transferees of develop and publish procedures for the transfer of</del> <i>authorised MDQ of amount attributable to that authorised MDQ (as transferred).</i> [Regulatory provision]</p>	<p>To cover with rule changes made some time ago</p>
<p><b>Schedule 7.1</b></p> <p>5.3.6(a) <i>Authorised MDQ</i> of a person disconnected from the <i>transmission system</i> reverts to <i>VENCorp</i>. [Conduct provision]</p>	<p>To cover with rule changes made some time ago</p>

<p><b>Schedule 7.1</b></p> <p><u>5.3.6(b) Authorised MDQ and AMDQ credit certificates of a person disconnected from the transmission system reverts to the originally issuing Transmission Pipeline Owner. [Conduct provision]</u></p>	<p>To cover with rule changes made some time ago</p>
<p><b>8.1 Changing these Rules</b></p> <p>(a) These Rules may only be changed by the Board of Directors of <i>VENCorp</i> in accordance with clause 8.1(b) if:</p> <p>(1) any person including <i>VENCorp</i> proposes a Rule change; and</p> <p>(2) where the Rule change is proposed:</p> <p>(A) by a person other than <i>VENCorp</i>, the Board of Directors of <i>VENCorp</i> approves the proposed Rule change under clauses 8.3 and 8.4; or</p> <p>(B) by <i>VENCorp</i>, <i>VENCorp</i> has complied with clause 8.3 and the Board of Directors of <i>VENCorp</i> is satisfied that the Rule change satisfies the provisions of clause 8.2(b)(3) and is consistent with the performance by <i>VENCorp</i> of the <i>VENCorp functions</i>; and</p> <p>(3) when clause 8.1(a)(2) is satisfied, the <i>Regulator</i> has considered the proposed Rule change and if necessary, grants an authorisation in respect of these Rules as amended by the proposed Rule change in accordance with clauses 8.5, <del>8.6</del>, <del>8.7</del> and 8.8.</p> <p>(b) A Rule change will become effective on the date specified in a notice sent to <i>Participants</i> by <i>VENCorp</i> in accordance with clause 8.8 and <i>VENCorp</i> must do all things necessary to implement the Rule change on that date.</p> <p>(c) <i>VENCorp</i> must develop and, during March each year, make available to</p>	<p>8.1(a)(3) In line with the removal of the need to obtain an indicative opinion - also see 8.6.</p>

<p><i>Participants</i> a report which sets out:</p> <ol style="list-style-type: none"> <li>(1) all Rule change proposals which have been made in the previous <del>six</del> <u>twelve</u> month period and any decisions (but not the reasons for those decisions) and any requests for further information made by <i>VENCorp</i> under clause 8.4 in relation to those Rule change proposals;</li> <li>(2) the progress of those Rule change proposals in accordance with the procedures prescribed in this chapter 8;</li> <li>(3) the reason for any delays in relation to the progress of those Rule change proposals and any action <i>VENCorp</i> has taken to overcome those delays; and</li> <li>(4) any other matter which <i>VENCorp</i> reasonably considers to be relevant to the progress of Rule change proposals, including but not limited to any policies developed by <i>VENCorp</i> in relation to: <ol style="list-style-type: none"> <li>(A) the way in which it intends to deal with any procedure specified in this chapter 8; and</li> <li>(B) the facts, matters or circumstances which <i>VENCorp</i> may take into account in making a decision and otherwise discharging its functions and obligations under this chapter 8,</li> </ol> <p>providing that nothing in this clause 8.1(c)(4) is to be taken to limit the exercise by <i>VENCorp</i> of its discretion under this chapter 8.</p> </li> </ol>	<p>8.1(c)(1) Previous rule change (29 Aug 01) has removed need for 6 monthly reports – this clause should match that change.</p>
<p><b>8.4 VENCORP decision on Rule change proposed by other person</b></p> <ol style="list-style-type: none"> <li>(a) Subject to clauses 8.4(b) and (c), the Board of Directors of <i>VENCorp</i> must make a decision to approve or reject a Rule change proposed in accordance</li> </ol>	<p><b>8.4(a)</b> <b>It is ambiguous as to whether it is 60 days from VENCORP's or the VENCORP Board's</b></p>

<p>with clause 8.2 as soon as practicable but in any event within sixty days of <u>VENCorp making or</u> receiving a proposal for a Rule change unless:</p> <ol style="list-style-type: none"> <li>(1) <i>VENCorp</i> reasonably considers that it has insufficient information to enable it to make a decision under this clause 8.4 in which case <i>VENCorp</i> may request the person who made the submission under clause 8.2(a) to provide to <i>VENCorp</i> that further information and the sixty day period within which <i>VENCorp</i> is otherwise required to make a decision under this clause 8.4 is then to be extended by the number of days in the period commencing on the day of <i>VENCorp's</i> request for further information to and including the day on which <i>VENCorp</i> received that information; or</li> <li>(2) <i>VENCorp</i> reasonably considers that due to the nature of the proposed Rule change and the supporting information to be assessed by the Board of Directors of <i>VENCorp</i> in making its decision under this clause 8.4, it is not practicable for <i>VENCorp</i> to make a decision within sixty days in which case <i>VENCorp</i> may extend the period within which it must make a decision under this clause 8.4 by a maximum further period of thirty days, resulting in a total maximum period of ninety days.</li> <li>(3)</li> </ol>	<p><b>receipt of a proposal.</b></p>
<p><b>8.5 Application to the Regulator</b></p> <p>(a) If a Rule change is:</p> <ol style="list-style-type: none"> <li>(1) proposed by <i>VENCorp</i>; or</li> <li>(2) proposed by a person other than <i>VENCorp</i> <del>and approved by the Board of Directors of <i>VENCorp</i> in accordance with clauses 8.3 and 8.4,</del></li> </ol> <p><del>that proposed Rule change must then be submitted to the Regulator by <i>VENCorp</i> as soon as practicable for consideration and approved by the Board of Directors of <i>VENCorp</i> in accordance with clauses 8.3 and 8.4, then <i>VENCorp</i> must as soon as practicable make application to the Regulator for the granting of authorisation of that Rule change under the Trade Practices Act 1974 (Cth).</del></p>	<p>8.5(a) All rule changes must be approved by the VENCorp Board not just those proposed by an other “person”.</p>

<p>(i) A proposed Rule change which is submitted to the <i>Regulator</i> under clause 8.5(a) must be accompanied by:</p> <p>(1) any supporting information that <i>VENCorp</i>:</p> <p>(A) considers relevant and appropriate; and</p> <p>(B) is able to provide to the <i>Regulator</i>, to enable the <i>Regulator</i> properly to assess the merits of the Rule change;</p> <p>(2) a description of the possible effect (if any) of the Rule change on <i>access arrangements</i> given under the <i>Access Code</i>;</p> <p>(3) a description of the possible effect (if any) of the Rule change on any authorisations granted by the <i>Regulator</i> in respect of these Rules or whether the Rule change otherwise requires authorisation by the <i>Regulator</i>;</p> <p>(4) a statement from <i>VENCorp</i> confirming that the procedures set out in this chapter 8 have been followed in relation to the proposed Rule change;</p> <p>(5) the date on which the proposed Rule change is to take effect; and</p> <p><del>(6) —if the proposed Rule change is to be made with retrospective effect, the reasons for applying the Rule change retrospectively.</del></p>	<p>8.5(b)(6) TPA 88(12) “The Commission does not have the power to grant an authorisation ..... before the Commission makes a determination ...” – ie., in retrospect.</p>
<p><b>8.6 The Regulator’s assessment of Rule change</b></p> <p>(a) When a proposed Rule change is submitted to the <i>Regulator</i> under clause 8.5, the <i>Regulator</i> must assess the proposed Rule change <del>and provide an indicative</del></p>	<p>8.6 VENCorp is currently given discretionary</p>

~~opinion to VENC Corp~~ as to whether:

- (1) the proposed Rule change would or would be likely to:
    - (A) materially change the circumstances or conditions of any authorisation granted by the *Regulator* in respect of these Rules; or
    - (B) materially change the circumstances of any *access arrangement* given to the *Regulator* under the *Access Code*; or
    - (C) result in a contravention of a provision of the Trade Practices Act 1974 (Comm) for which no authorisation granted by the *Regulator* exists; or
  - (2) the procedures in this chapter 8 were not substantially followed in relation to the proposed Rule change; or
  - (3) any combination of these matters applies.
- (b) The *Regulator* may, before providing its ~~indicative opinion~~determination under clause 8.6(a), require *VENC Corp* to provide more information in relation to the proposed Rule change.
- (c) For the avoidance of doubt:
- (1) the functions and powers conferred on the *Regulator* under this clause 8.6 are conferred pursuant to section ~~48M(3)~~19 of the *Gas Industry Act* and not pursuant to any other Act or law; and
  - (2) ~~the indicative opinion~~authorisation, if granted ~~given~~ by the *Regulator* ~~under clause 8.6(a)~~ will in no way bind the *Regulator* nor constrain or fetter the *Regulator's* functions, powers or discretions under the Trade Practices Act 1974 (Comm), the *Access Code*, the *Gas Industry Act* or

power (see 8.7(d)) to either:

- seek an ACCC indicative opinion prior to seeking “authorisation”, or
- bypass an indicative opinion and seek “authorisation” first off.

For practical reasons, VENC Corp has always chosen to seek “authorisation” first off.

The Gas Market now operates under the Gas Industry Act 2001 which incorporates many of provisions previously found in the Gas Industry Act 1994.



<p>any other applicable Act or law.</p> <p>(d) <u>If the <i>Regulator</i> declines jurisdiction to grant an authorisation in response to an application made to the <i>Regulator</i> for an authorisation (including a variation of an existing authorisation) then <i>VENCorp</i> may implement the Rule change in accordance with clause 8.8(a) as if the <i>Regulator</i> had granted the authorisation (or the variation).</u></p>	<p><b>8.6(d) - Clause 8.7 relates to indicative opinion which is proposed to be deleted. This proposed new clause picks up the provisions, which would remain, of the current clause 8.7(e). Rather than keep it in 8.7, it is clearer and simpler to move it to 8.6 as a new sub clause 8.6(d) (with exactly the same wording).</b></p>
<p><b><del>8.7—VENCorp response to the Regulator’s decision</del></b></p> <p><del>(a) If the <i>Regulator</i> gives an indicative opinion that any of the matters set out in clause 8.6(a)(1) apply, <i>VENCorp</i> must submit an application to the <i>Regulator</i> for the purpose of:</del></p> <p><del>(1) obtaining an authorisation (or varying an existing authorisation) in respect of the proposed Rule change; and/or</del></p> <p><del>(2) amending an existing approval (or seeking approval) of an <i>access arrangement</i> given under the <i>Access Code</i> as amended by the proposed Rule change.</del></p> <p><del>(b) If the <i>Regulator</i> gives an indicative opinion that the procedures in this chapter 8 were not substantially followed, <i>VENCorp</i> must take such action as may be necessary to satisfy the <i>Regulator</i> that those procedures have substantially been followed.</del></p> <p><del>(c) If the <i>Regulator</i> requires further information to enable the <i>Regulator</i> to give an indicative opinion under clause 8.6(a), then subject to clause 5.4, <i>VENCorp</i> must use reasonable endeavours to obtain and provide to the <i>Regulator</i> that further information.</del></p> <p><del>(d) Nothing in this clause 8.7 prevents <i>VENCorp</i> making an application to the <i>Regulator</i> for a variation to an existing authorisation or for a new authorisation</del></p>	<p>8.7 Clause deleted in line with the removal of the need to obtain an indicative opinion – see 8.6.</p>

<p><del>or for an amendment to an approved <i>access arrangement</i> or for approval of a new <i>access arrangement</i> at any time and notwithstanding any indicative opinion given under clause 8.6(a) indicating that such an application is not required.</del></p> <p><del>(e) If the <i>Regulator</i> declines jurisdiction to grant an authorisation in response to an application made to the <i>Regulator</i> for an authorisation (including a variation of an existing authorisation) then <i>VENCorp</i> may implement the Rule change in accordance with clause 8.8(a) as if the <i>Regulator</i> had granted the authorisation (or the variation).</del></p>	<p>8.7(e) This clause has been transferred to 8.6(d)</p>
<p><b>8.8 Implementation of Rule change</b></p> <p><del>(d) Nothing in this clause 8.8 prevents <i>VENCorp</i> from implementing a Rule change in circumstances where the <i>Regulator</i> has given an indicative opinion under clause 8.6(a) indicating that:</del></p> <p><del>(1) no application for authorisation (including a variation of an existing authorisation) is required; and/or</del></p> <p><del>(2) no application for approval of an <i>access arrangement</i> (including an amendment to an existing <i>access arrangement</i>) is required.</del></p> <p><del>(e) If a Rule change is made under clause 8.8(d), then that Rule change will be implemented:</del></p> <p><del>(1) by <i>VENCorp</i> providing written notice of the Rule change to <i>Participants</i> in accordance with clauses 8.8(a) and (b); and</del></p> <p><del>(2) with retrospective effect if clause 8.8(e) applies.</del></p>	<p>8.8(d) In line with the removal of the need to obtain an indicative opinion – see 8.6.</p>

### 9.1.1 Change to locational hourly pricing

- (a) ~~VENCorp must, by 1 September 1999, establish a gas market review committee in accordance with clause 9.1.1(b) to determine the need for and detailed requirements for implementing a change to the mechanism by which the market price is set under clause 3.2, to a pricing mechanism which comprises trading intervals of one hour duration and more than one pricing zone.~~
- (b) ~~The gas market review committee established by VENCorp under clause 9.1.1(a), is to be comprised of at least the following members:~~
- ~~(1) two persons nominated by the VENCorp Board;~~
  - ~~(2) three persons nominated by Retailers;~~
  - ~~(3) one person nominated by a Transmission Pipeline Owner;~~
  - ~~(4) one person nominated by Market Customers; and~~
  - ~~(5) at least one person nominated by Producers and Storage Providers.~~
- (c) ~~VENCorp must appoint one of the members of the gas market review committee to act as chairman of the gas market review committee.~~
- (d) ~~VENCorp must provide administrative support to enable the gas market review committee to fulfil its obligations under this clause 9.1.1.~~
- (e) ~~The gas market review committee must:~~
- ~~(1) by 8 September 1999, prepare, and submit for approval by the Board of VENCorp, procedures for governing its operation; and~~
  - ~~(2) as soon as practicable after its establishment under clause 9.1.1(a), undertake a review, in accordance with clauses 9.1.1(f) and 9.1.1(h), of~~

### 9.1.1

**This review has been completed – the clause is therefore redundant**

- see also removal of 3.2.5 (same matter).

~~past and projected future operation of the *market* to determine the need for the introduction of locational and hourly pricing by 1 December 2000.~~

- ~~(f) — When conducting its review under clause 9.1.1(e)(2), the *gas market review committee*:~~
- ~~(1) — must, by 1 December 1999, undertake a review regarding a change to locational and hourly pricing, in accordance with the *public consultation procedures*; and~~
  - ~~(2) — may, subject to the approval of cost by the Board of *VENCorp*, engage suitably qualified external consultants to assist with the review or to participate in the committee.~~
- ~~(g) — The costs of engaging external consultants in accordance with clause 9.1.1(f)(2) must be funded by *VENCorp* from *market fees* raised under clause 2.6.~~
- ~~(h) — When conducting its review under clause 9.1.1(e)(2), the *gas market review committee* must take into account all factors it considers relevant including but not limited to:~~
- ~~(1) — the extent of historical and projected future *ancillary payments* in relation to *gross market* turnovers;~~
  - ~~(2) — the effectiveness of these Rules in dealing with transportation capacity, access, and facilitation of investment;~~
  - ~~(3) — likely future *market* or *transmission system* developments, such as increased diversity in the sources of gas supply;~~
  - ~~(4) — the equitable preservation (as far as practicable) of *Participants' market* rights and risk positions;~~

~~(5) — the interests of *Customers*;~~

~~(6) — the *market objectives*; and~~

~~(7) — overall *market* efficiency and competitiveness.~~

~~(i) — The *gas market review committee* must, by 1 December 1999, prepare, and submit to the Board of *VENCorp*, a report which sets out:~~

~~(1) — its conclusion as to whether the change to locational and hourly pricing by 1 December 2000, should, or should not, be made; and~~

~~(2) — a reasonably detailed justification for its conclusion.~~

~~(j) — If the *gas market review committee* report to the *VENCorp* Board under clause 9.1.1(i) endorses the change to locational and hourly pricing, *VENCorp* must establish, and co-ordinate appropriate procedures to ensure the smooth and timely transition to locational and hourly pricing including:~~

~~(1) — a reasonably detailed functional description of the proposed new *market* arrangements, including mechanisms and procedures (if any) for *Participants* to manage the risks associated with the change to hourly and locational pricing; and~~

~~(2) — details of any pre-conditions which must be met prior to implementation of the change including:~~

~~(A) — satisfactory implementation of appropriate risk management mechanisms; and~~

~~(B) — satisfactory implementation of necessary infrastructure, *scheduling* software and systems to reliably and effectively support locational and hourly pricing.~~

~~(k) — If the *gas market review committee* concludes locational and hourly pricing should not be introduced in accordance with these Rules, the report which it provides to *VENCorp* under clause 9.1.1(i) must contain a recommendation for appropriate Rules changes to be made in accordance with chapter 8.~~

~~(l) — If the *gas market review committee* report to the *VENCorp* Board under clause 9.1.1(i) endorses the change to locational and hourly pricing in accordance with clause 3.2.5, *VENCorp* must establish, and co-ordinate appropriate procedures to ensure the smooth and timely transition to locational and hourly pricing including:~~

~~(1) — the drafting of necessary changes to these Rules in accordance with chapter 8 to make provision for the functional arrangements determined by the *gas market review committee* under clause 9.1.1(j)(1);~~

~~(2) — the determination of how any surpluses and/or deficits which may accrue in the *VENCorp settlements* function as a consequence of the existence of locational and hourly pricing will be applied; and~~

~~(3) — if appropriate, the establishment of mechanisms by which *Participants* can manage their risks and exposures associated with locational and hourly price differences;~~

~~(4) — subject to clause 9.1.1(1)(5), make an allocation of rights to enable the management of risks and exposures associated with locational and hourly price differences;~~

~~(5) — prior to making an allocation of rights under clause 9.1.1(1)(4), appoint a suitably qualified independent person who must, in accordance with terms of reference to be prepared by *VENCorp* in accordance with clause 9.1.1(1)(6), provide recommendations to *VENCorp* as to the most appropriate methodology to be adopted for the allocation of those rights;~~

~~(6) — a requirement that the independent person undertakes its analysis and~~

<p>make its recommendations under clause 9.1.1(1)(5), taking into consideration each of the following:</p> <p>(A) — to the extent practicable, there should be equitable preservation of <i>Participants’ market rights</i> and risk positions; and</p> <p>(B) — to the extent practicable, persons who have received an allocation of <i>authorised MDQ</i> under clause 5.3.3 should receive an allocation of rights that leaves that person in a position that is no less favourable to them in respect of that allocation; and</p> <p>(7) — arrange for the implementation, testing and operational acceptance of systems and procedures of <i>VENCorp</i> and <i>Participants</i>, as required, to effect the gas market review committee’s recommendations.</p> <p>(m) — If the <i>gas market review committee</i> is unable to reach a conclusion under clause 9.1.1(i) by 1 December 1999, the Board of <i>VENCorp</i> is to proceed in accordance with clause 9.1.1(1) as if the <i>gas market review committee</i> had concluded that the change to hourly and locational pricing should proceed.</p>	
<p><b>9.1.2 — Interconnect between Victoria/New South Wales</b></p> <p>(a) — <i>VENCorp</i> must:</p> <p>(1) — give effect to any agreement reached by <i>VENCorp</i> or any other person with East Australian Pipelines Limited (A.C.N. 064 629 009) for the purpose of providing for the carriage of gas through the interconnected transmission pipeline between Barnawartha in the State of Victoria and Culcairn in the State of New South Wales (commissioned on or about 12 August 1998); and</p> <p>(2) — in consultation with any consultative committee established by <i>VENCorp</i> and on which there are representatives of <i>Market Participants</i>, develop rules to be incorporated into these Rules to give</p>	<p>9.1.2 Commercial agreements were in place prior to market start</p>

<p style="text-align: center;"><del>effect to the terms of an agreement referred to in clause 9.1.2(1) and any ancillary and consequential matters.</del></p> <p>(b) <del>For the avoidance of doubt, all rules developed under clause 9.1.2(a) must be proposed in accordance with the rule change procedures in chapter 8.</del></p>	
<p><b>11 Glossary</b></p> <p><del><b>EoD linepack</b> — A notional quantity of gas, expressed in GJ, which a <i>Market Participant</i> may bid for in accordance with clause 3.4 and which, if allocated to a <i>Market Participant</i>, confers on that <i>Market Participant</i> the rights and obligations set out in clause 3.4.3.</del></p>	<p>11 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8..</p>
<p><b>11 Glossary</b></p> <p><del><b>EoD linepack bid</b> — A bid by a <i>Market Participant</i> to purchase <i>EoD linepack</i> made in accordance with clause 3.4.2(a).</del></p>	<p>11 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>
<p><b>11 Glossary</b></p> <p><del><b>EoD linepack capacity</b> A notional quantity of gas, expressed in GJ, which represents the physical linepack capacity of the <i>transmission system</i> as determined by <i>VENCorp</i> in accordance with clause 3.4.</del></p>	<p>11 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>
<p><b>11 Glossary</b></p> <p><del><b>EoD linepack price step</b> An offer by a <i>Market Participant</i> to purchase any quantity of <i>EoD linepack</i> up to a specified maximum quantity at a specified price.</del></p>	<p>11 Removes reference to financial EoD linepack trading – a consequence of the removal of EoD linepack clause 3.1.8.</p>



<p><b>11 Glossary</b></p> <p><b>Exempt Person</b> GASCOR, being the body established by Division 2 of Part 2 of the Gas Industry (<u>Residual Provisions</u>) Act <u>1994</u>, and any other person who <i>VENCorp</i> agrees to be exempt.</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>
<p><b>11 Glossary</b></p> <p><b>Gas Industry Act</b> <u>    </u> The Gas Industry Act <u>1994-2001</u> (Vic).</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>
<p><b>11 Glossary</b></p> <p><b>interest rate</b> The ninety day <u>Bloomberg</u> Bank Bill Swap Reference Rate as published in the Australian Financial Review from time to time.</p>	<p>11 Further clarifies which 90 day rate. 10(b) is also relevant.</p>
<p><b>11 Glossary</b></p> <p><b>Local Retailer</b> In respect of a geographical area, a <i>Retailer</i> whose retail licence issued under the <u>Gas Industry (Residual Provisions) Act 1994 or Gas Industry Act 1994</u> authorises that <i>Retailer</i> to sell gas to <i>Franchise Customers</i> located in that geographical area.</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>
<p><b>11 Glossary</b></p> <p><b>market objectives</b> The market objectives specified in section <u>48N(2) 52</u> of the <i>Gas Industry Act</i>.</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>

<p><b>11 Glossary</b></p> <p><b>Minister</b> The Minister referred to in <del>Part 6A</del> <u>Part 9</u> of the <i>Gas Industry Act</i>.</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>
<p><b>11 Glossary</b></p> <p><b>Retailer</b> A person who holds a retail licence under the <u>Gas Industry (Residual Provisions) Act 1994</u> or <i>Gas Industry Act</i> and is registered under clause 2.1(b).</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>
<p><b>11 Glossary</b></p> <p><u>schedule, scheduling</u> The process of scheduling <i>nominations</i> and <i>inc/dec offers</i> which <i>VENCorp</i> is required to carry out in accordance with these Rules for the purpose of balancing gas flows in the <i>transmission system</i> and maintaining the security of the <i>transmission system</i>.</p>	<p>11 “Schedule” used as a verb is used in 3.1.1(c), 3.1.9(e) and 3.1.11</p>
<p><b>11 Glossary</b></p> <p><b>Tariff Order</b> The Victorian Gas Industry Tariff Order <del>1998 (as amended from time to time)</del> made under section 48A of the Gas Industry Act (<u>Residual Provisions) 1994, as amended from time to time under section 20 of the Gas Industry Act</u>, and any tariffs and charges which are approved under an <i>access arrangement</i>.</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>
<p><b>11 Glossary</b></p> <p><b>VENCorp functions</b> The functions of <i>VENCorp</i> set out in section <del>16C</del> <u>160</u> of the <i>Gas Industry Act</i>.</p>	<p>11 The Gas Market now operates under the Gas Industry Act 2001 and the Gas Industry (Residual Provisions) Act 1994.</p>



## MSOR CHANGES - CLEARING OF MARKET PAYMENTS

<p><b>3.6.16 Payment by Market Participants</b></p> <p>(a) No later than 2.00pm on the twentieth <i>business day</i> after the end of a <i>billing period</i> or 2.00pm on the second <i>business day</i> after receiving a <i>final statement</i> under clause 3.6.15, whichever is the later, each <i>Market Participant</i> must pay to <i>VENCorp</i> in cleared funds the <i>settlement amount</i> stated to be payable to <i>VENCorp</i> by that <i>Market Participant</i> in that <i>Market Participant's final statement</i>, whether or not the <i>Market Participant</i> disputes, or continues to dispute, the amount payable.</p> <p>(b) <u>Payments made in accordance with clause 3.6.16(a) must be made using bank clearing house arrangements determined by <i>VENCorp</i> in consultation with affected participants and published by <i>VENCorp</i>.</u></p>	<p>3.6.16(b) To improve clarity and provide for uniformity in payment methods</p>
<p><b>3.6.17 Payment to Market Participants</b></p> <p>(a) By no later than 4.00pm on the day on which <i>VENCorp</i> is to be paid under clause 3.6.16, <i>VENCorp</i> must pay to each <i>Market Participant</i> in cleared funds the <i>settlement amount</i> stated to be payable to that <i>Market Participant</i> in that <i>Market Participant's final statement</i>.</p> <p>(b) <u>Payments made in accordance with clause 3.6.16(a) must be made using bank clearing house arrangements determined by <i>VENCorp</i> in consultation with affected participants and published by <i>VENCorp</i>.</u></p>	<p>3.6.17(b) To improve clarity and provide for uniformity in payment methods</p>

## MSOR CHANGES – OUTWORKING OF THE LNG REVIEW

#### 4.2.2 Obligations of VENCORP

- (a) ~~For a period of two years from the commencement date, VENCORP is responsible for scheduling LNG injection offers and managing the LNG reserve.~~
- (b) ~~Prior to the expiry of the period referred to in clause 4.2.2(a), VENCORP must establish a committee to review VENCORP's role in relation to the LNG reserve in accordance with the public consultation procedures and that committee must determine either:
  - (1) ~~that VENCORP should cease to be entitled to any LNG storage capacity constituting the LNG reserve; or~~
  - (2) ~~that VENCORP's role in relation to the LNG reserve and its entitlement to LNG storage capacity constituting the LNG reserve should continue for a period not exceeding twelve months or such other period that the committee reasonably considers to be appropriate.~~~~
- (c) ~~If the committee established under clause 4.2.2(b) determines that VENCORP's role in relation to the LNG reserve and its entitlement to LNG storage capacity should either:
  - (1) ~~cease at the expiration of two years from the commencement date, then VENCORP will cease to be responsible for the LNG reserve and will cease to be entitled to any LNG storage capacity constituting the LNG reserve, then all provisions of these Rules relating to the LNG reserve will cease to have effect on and from the date immediately following the expiry of two years from the commencement date; or~~
  - (2) ~~continue for a period of not more than twelve months or such other period that the committee reasonably considers to be appropriate, then if the Regulator approves, VENCORP will continue to be responsible for the LNG reserve and will continue to be entitled to LNG storage capacity constituting the LNG reserve, and all provisions of these Rules relating to the LNG reserve will continue to have effect for the duration of that period.~~~~
- (d) ~~The provisions of this clause 4.2 are subject always to clause 4.2.2(c).~~

#### 4.2.8 Vaporisation of LNG and LNG injection offers

- ~~(a) Each Market Participant must submit LNG injection offers in respect of the entire amount of its LNG stock for each trading interval. LNG injection offers must be unconditional and must not specify any minimum or maximum quantity of LNG stock.~~

- ~~(b) VENCorp must not accept an LNG injection offer submitted by a Market Participant unless that Market Participant is the registered holder of sufficient available LNG stock to enable it to satisfy that LNG injection offer.~~
- (c) Subject to clause 4.2.8(d), VENCorp must schedule LNG injection offers in accordance with the provisions of clause 3.1.
- (d) VENCorp must call on LNG injection offers by issuing scheduling instructions directly to the LNG Storage Provider and, to avoid doubt, VENCorp is not required to issue scheduling instructions to Market Participants in respect of their LNG injection offers.
- (e) To avoid doubt, LNG stock held by Market Participants will only be vaporised in accordance with the LNG injection offers submitted by them and such Market Participants have no right to submit nominations in respect of the injection of vaporised LNG into the transmission system or any other right in respect of the withdrawal of LNG stock from storage.

#### 4.2.9 LNG Reserve

- (a) VENCorp may utilise the LNG reserve by requiring the LNG Storage Provider to vaporise LNG stock held by the LNG Storage Provider on its behalf at such times and in such quantities as VENCorp may reasonably consider necessary or desirable to ensure the security of the transmission system and to satisfy VENCorp's operational requirements.
- (b) The LNG Storage Provider must comply with all reasonable directions of VENCorp relating to the utilisation of the LNG reserve, including any direction to vaporise any LNG stock which comprises part of the LNG reserve.
- ~~(c) Subject to clauses 4.2.2(b) and (e), at intervals not exceeding two years, VENCorp must review the LNG reserve and this clause 4.2 to establish:
  - ~~(1) whether it is sufficient to enable VENCorp to meet its operational requirements and to ensure the security of the transmission system;~~
  - ~~(2) whether the basis for allocating LNG storage capacity should be changed;~~
  - ~~(3) whether Market Participants should be granted liquefaction or vaporisation rights which are more flexible or different to the liquefaction and vaporisation rights conferred by this clause 4.2; and~~
  - ~~(4) whether there should be any other change in the way in which the LNG storage facility is utilised.~~~~

- (d) *VENCorp* must consult with *Market Participants* and the *LNG Storage Provider* for the purpose of carrying out any review of the *LNG reserve* ~~and this clause 4.2 pursuant to clause 4.2.9(e).~~
- ~~(e) The *LNG Storage Provider* and the *Market Participants* who hold *LNG storage capacity* must take such action and do such things as *VENCorp* may reasonably require to give effect to any recommendation made by *VENCorp* relating to the *LNG reserve* or this clause 4.2 as a result of any review carried out by *VENCorp* pursuant to clause 4.2.9(e).~~
- (f) Any gas which is vaporised for testing of the *LNG facility* and boil off gas is to be treated as having been taken from the *LNG reserve* and included in the *linepack account*.

## MSOR CHANGE - TRANSFER OF AMDQ CREDITS

- 6.6.4 (b) In the event of a threat to *system security* which is attributable to a *transmission constraint* then to the extent practicable, *VENCorp* must, prior to *curtailing* any other *Customers*, use reasonable endeavours to *curtail* those *Customers* who, in *VENCorp's* reasonable opinion, are using in excess of ~~their~~ the authorised MDQ or AMDQ credits assigned to those Customers.

## 11. GLOSSARY

DQ credit certificate	ertificated right to a quantity measured in GJ and issued under <u>clause 5.3.</u> <del>rule 5.3 that may be used by the registered holder of that certificate to reduce uplift payments in accordance with the determination of uplift payments under clause 3.6.8</del>
DQ credit nomination	quantity, being the whole or part of an <i>AMDQ credit certificate</i> , nominated by the registered holder of that <i>AMDQ credit certificate</i> <del>to be used to reduce uplift payments in accordance with clause 3.6.8</del> <u>that may be utilised as an AMDQ credit.</u>

**AMDQ credit**

whole or part of an *AMDQ credit nomination* ~~able to be utilised by the registered holder of that *AMDQ credit certificate* as an uplift hedge, determined in accordance with clause 3.6.8 (gc)~~ that may be applied by the registered holder of the *AMDQ credit certificate* for the purpose of:

- (a) reducing the amount of *uplift payments* determined in accordance with clause 3.6.8; or
- (b) establishing a priority of *curtailment* of customers in accordance with clause 6.6.4(b).