



# **Victorian Gas Industry Market and System Operations Rules**

**VERSION 20**

**Dated.....**

An Order in Council dated 2 February 1999 made under the Gas Industry Act 1994, and published in the Victorian Government Gazette dated 4 February 1999, established the “Victorian Gas Industry Market and System Operations Rules” (the MSO Rules).

The MSO Rules have subsequently been modified by:

1. an Order in Council dated 23 February 1999, published in the Gazette dated 25 February 1999;
2. an Order in Council dated 10 March 1999, published in the Gazette dated 11 March 1999;
3. an Order in Council dated 28 April 1999, published in the Gazette dated 13 May 1999;
4. an Order in Council corrigenda, published in the Gazette dated 13 May 1999;
5. an Order in Council dated 29 June 1999, published in the Gazette dated 8 July 1999;
6. an Order in Council corrigenda, published in the Gazette dated 8 July 1999;
7. an Order in Council corrigenda, published in the Gazette dated 22 July 1999
8. a Notice published in the Gazette dated 4 November 1999
9. a Notice published in the Gazette dated 18 May 2000
10. a Notice published in the Gazette dated 29 June 2000
11. a Notice published in the Gazette dated 24 August 2000
12. a Notice published in the Gazette dated 15 February 2001
13. a Notice published in the Gazette dated 14 June 2001
14. a Notice published in the Gazette dated 5 July 2001
15. two Notices published in the Gazette dated 30 August 2001
16. a Notice published in the Gazette dated 28 February 2002
17. a Notice published in the Gazette dated 30 May 2002
18. a Notice published in the Gazette dated 29 August 2002
19. a Notice published in the Gazette dated 24 October 2002
20. a Notice published in the Gazette dated XXXX

The MSO Rules presented in this document reflect the changes noted above and further detailed in the table below.

<b>RULE CHANGES</b>		
<b>CHANGE EFFECTIVE FROM</b>	<b>RULES AFFECTED</b>	<b>AUTHORITY</b>
25/02/99	1.1	Order in Council dated 23/02/99, published in the Victorian Government Gazette 25/0299
11/03/99	1.1 3.1 3.6 4.4 5.3	Order in Council dated 10/03/99, published in the Victorian Government Gazette 11/03/99
13/05/99	3.1 3.6 4.4 5.3	Order in Council dated 29/04/99, published in the Victorian Government Gazette 13/05/99
13/05/99	3.6	Corrigenda to Order in Council, published in the Victorian Government Gazette 13/05/99
08/07/99	3.6 5.2 6.1 6.2 6.4 6.7 11 Glossary 1.1	Order in Council dated 29/06/99, published in the Victorian Government Gazette 08/07/99
08/07/99	1.2 3.6	Corrigenda to O in C dated 2 February 1999 published in the Victorian Government Gazette 08/07/99.
22/07/99	6.2 6.4	Corrigenda to O in C dated 2 February 1999 published in the Victorian Government Gazette 08/07/99.
04/11/99	5.2 Schedule 7.1	Notice published in the Victorian Government Gazette 04/11/99.
00/05/00	3.2.4 3.2.5 5.3 3.6.7	Notice published in the Victorian Government Gazette 18/05/00.
01/07/00	3.2.1 3.6.5	Notice published in the Victorian Government Gazette 29/06/00.
24/08/00	3.7.8 3.7.9 4.17 4.4.1 4.4.6	Notice published in the Victorian Government Gazette 24/08/00
21/02/01	3.6.6 3.6.23 5.1.7 5.2.1 5.2.2 5.2.3	Notice published in the Victorian Government Gazette 24/08/00
14/06/01	3.6.6 3.6.12 6.2.2 6.5.2	Notice published in the Victorian Government Gazette 14/06/01

<b>RULE CHANGES</b>		
<b>CHANGE EFFECTIVE FROM</b>	<b>RULES AFFECTED</b>	<b>AUTHORITY</b>
05/07/01	5.3.2 5.3.3	5.3.5 Notice published in the Victorian Government Gazette 05/07/01
30/08/01	1.2.1 5.3.3 5.3.6	7.1.5 8.1 Two Notices published in the Victorian Government Gazette 30/08/01
28/02/02	1.1.4 1.2.3 2.1 3.1.4 3.1.5 3.1.6 3.1.8 3.1.9 3.1.10 3.1.12 3.2.1 3.2.4 3.2.5 3.3.2 3.6.6 3.6.7 3.6.8 3.6.11 3.6.12 3.6.16 3.6.17 4.2.2 4.2.8	4.2.9 4.3.2 4.4.14.4.2 4.4.3 4.4.6 4.4.9 4.4.134.4.18 4.4.21 4.4.27 Sch 4.2 5.1.4 6.2.1 6.4.3 6.7.2 6.9.1 Sch 7.1 8.1 8.4 8.5 8.6 8.8 11 Notice published in the Victorian Government Gazette 28/02/02
01/06/02	3.6.8 6.6.4	11 Notice published in the Victorian Government Gazette 30/05/02
29/08/02	3.6.5 3.6.18 3.6.21	3.7.1 3.7.9 Notice published in the Victorian Government Gazette 29/08/02
	1.1.3 1.2.1 2.6 2.7	5.3.1 5.3.4 11 Notice published in the Victorian Government Gazette XXXXX

# INDEX

<b>CHAPTER 1. INTRODUCTION</b>	<b>1</b>
1.1 PURPOSE AND APPLICATION OF RULES	2
1.2 VENCORP	4
1.3 ENFORCEABILITY AND AMENDMENT OF THESE RULES	6
1.4 PUBLIC CONSULTATION PROCEDURES	7
<b>CHAPTER 2. REGISTRATION</b>	<b>8</b>
2.1 REGISTRATION WITH VENCORP	9
2.2 CEASING TO BE A MARKET PARTICIPANT	11
2.3 SUSPENSION	11
2.4 LIABILITY OF DEREGISTERED PARTICIPANTS	11
2.5 INTENTION TO COMMENCE ACTIVITIES OR FUNCTIONS	11
2.6 MARKET FEES	11
2.7 PREVIOUS FINANCIAL YEAR REPORT	11
<b>CHAPTER 3. MARKET OPERATION AND ADMINISTRATION</b>	<b>11</b>
3.1 GAS SCHEDULING	11
3.2 DETERMINATION OF MARKET PRICE	11
3.3 PARTICIPANT COMPENSATION FUND	11
3.5 ALLOCATION AND RECONCILIATION	11
3.6 SETTLEMENTS	11
3.7 PRUDENTIAL REQUIREMENTS	11
3.8 GST	11
<b>CHAPTER 4. TECHNICAL MATTERS</b>	<b>11</b>
4.1 CONNECTION TO THE TRANSMISSION SYSTEM	11
4.2 LNG STORAGE	11
4.3 GAS QUALITY	11
4.4 METERING	11
SCHEDULE 4.1 METERING UNCERTAINTY LIMITS AND CALIBRATION REQUIREMENTS	11
SCHEDULE 4.2 METERING REGISTER	11
SCHEDULE 4.3 INSTALLATION DATABASE	11
<b>CHAPTER 5. MARKET INFORMATION AND SYSTEM PLANNING</b>	<b>11</b>
5.1 MARKET INFORMATION	11
5.2 FORECASTS AND PLANNING AND MAINTENANCE REVIEWS	11
5.3 MDQ AUTHORISATION	11
5.4 CONFIDENTIALITY	11
<b>CHAPTER 6. INTERVENTION AND MARKET SUSPENSION</b>	<b>11</b>
6.1 OVERVIEW	11
6.2 EMERGENCIES	11
6.3 EMERGENCY PLANNING BY PARTICIPANTS	11
6.4 EMERGENCY CURTAILMENT OF CUSTOMERS	11
6.5 RESPONSE TO AN EMERGENCY	11

6.6	SYSTEM SECURITY THREAT .....	11
6.7	FORCE MAJEURE AND MARKET SUSPENSION .....	11
6.8	REVIEW OF CHAPTER 6.....	11
6.9	EMERGENCY LEGISLATION.....	11
<b>CHAPTER 7. ENFORCEMENT AND DISPUTES.....</b>		<b>11</b>
7.1	ENFORCEMENT 11	
7.2	DISPUTE RESOLUTION.....	11
SCHEDULE 7.1	CLASSIFICATION OF RULES.....	11
<b>CHAPTER 8. RULES CHANGES.....</b>		<b>11</b>
8.1	CHANGING THESE RULES .....	11
8.2	PROPOSALS BY PERSONS OTHER THAN VENCORP.....	11
8.3	VENCORP'S CONSIDERATION OF PROPOSED RULE CHANGE .....	11
8.4	VENCORP DECISION ON RULE CHANGE PROPOSED BY OTHER PERSON .....	11
8.5	APPLICATION TO THE REGULATOR.....	11
8.6	THE REGULATOR'S ASSESSMENT OF RULE CHANGE .....	11
8.8	IMPLEMENTATION OF RULE CHANGE .....	11
<b>CHAPTER 9. TRANSITIONAL ARRANGEMENTS AND DEROGATIONS.....</b>		<b>11</b>
9.2	DEROGATIONS 11	
<b>CHAPTER 10 INTERPRETATION.....</b>		<b>11</b>
10.1	INTERPRETATION .....	11
10.2	GENERAL 11	
10.3	TIMES AND DATES .....	11
10.4	TECHNICAL INTERPRETATION.....	11
10.5	ASSIGNMENT 11	
10.6	WAIVER 11	
10.7	PAYMENT 11	
10.8	NOTICES 11	
10.9	RETENTION OF RECORDS AND DOCUMENTS.....	11
10.10	SEVERABILITY 11	
<b>CHAPTER 11. GLOSSARY.....</b>		<b>11</b>

# CHAPTER 1. INTRODUCTION

## 1.1 PURPOSE AND APPLICATION OF RULES

### 1.1.1 The Market and System Operations Rules

- (a) These Rules are the Market and System Operations Rules.
- (b) In these Rules:
  - (1) subject to clause 10.2(o), words and phrases which appear in italics are defined in the glossary in chapter 11; and
  - (2) technical concepts relating to gas measurement are described in clause 10.4.
- (c) These Rules must be interpreted in accordance with the provisions of chapter 10.

### 1.1.2 Purpose

The purpose of these Rules is:

- (a) to provide an efficient, competitive and reliable *market*;
- (b) to regulate the operation and administration of the *market*;
- (c) to regulate the activities of *Participants* in and in relation to the *transmission system* and the *market*;
- (d) to regulate the operation of the *transmission system* by *VENCorp* in a way which:
  - (1) minimises threats to *system security*;
  - (2) encourages the achievement of the *market objectives*; and
  - (3) enables access to the *transmission system* and the *market*; and
- (e) to facilitate *VENCorp's* performance of the *VENCorp functions*.

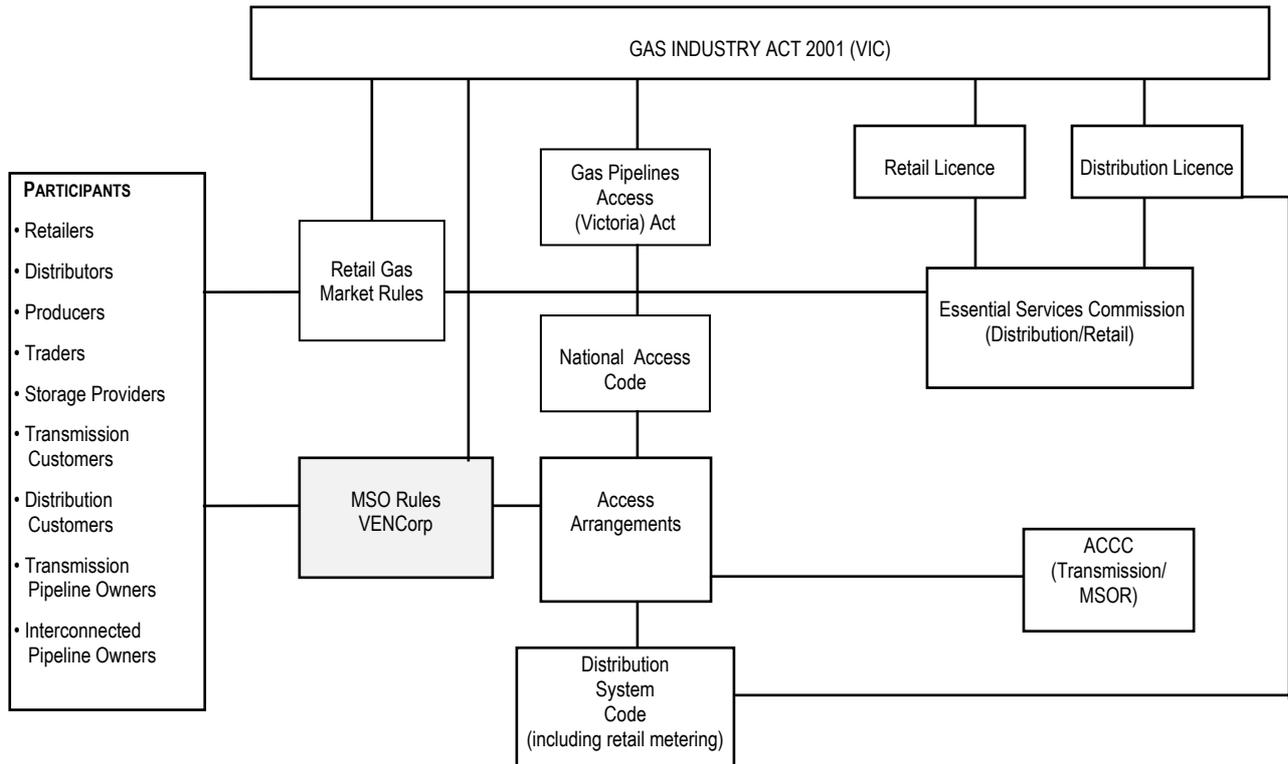
### 1.1.3 The regulatory framework

These Rules form part of the regulatory framework which:

- (a) is applicable to the owners, operators and users of the *transmission system* under the *Gas Industry Act*; and
- (b) may also be applicable to the owners and operators of *transmission pipelines* as part of their *access arrangements*, required by and applicable under the *Access Code*,

which is represented diagrammatically below.

## REGULATORY FRAMEWORK



### 1.1.4 Operation

The *commencement date* of these Rules is:

- (1) for Chapters 1, 2, 5, 8, 10 and 11, the date on which these Rules were made under section 48N of the Gas Industry (Residual Provisions) Act 1994; and
- (2) for Chapters 3, 4, 6, 7 and 9, 15 March 1999.

### 1.1.5 Application of these Rules

- (a) A person other than *VENCORP* who:
  - (1) is bound to comply with these Rules under the *Gas Industry Act* and/or as part of an *access arrangement*; and/or
  - (2) holds a retail licence under the *Gas Industry Act* and sells gas to *Customers* which has been transported through the *transmission system*; and/or
  - (3) wishes to undertake activities or participate in the *market*,
 must register with *VENCORP* in accordance with chapter 2.
- (b) Subject to clause 1.1.6, a person who is registered with *VENCORP* as a *Participant* under chapter 2 is bound by these Rules.

### 1.1.6 System Bypass

Nothing in these Rules limits the rights of any person to construct, own or operate a *pipeline* or *pipeline equipment* which is not part of the *transmission system* and which is not subject to these Rules.

## 1.2 VENCORP

### 1.2.1 Obligations of VENCORP

- (a) VENCORP must:
- (1) operate the *transmission system*; and
  - (2) operate and administer the *market*,
- in accordance with the *Gas Industry Act* and these Rules and the *Retail Gas Market Rules* and taking into consideration the *VENCORP functions* and the *market objectives* and VENCORP must allocate appropriate resources to enable it to do so.
- (b) VENCORP must maintain and *publish* a register of *Participants* and must update and *publish* the register whenever a person becomes or ceases to be a *Participant*.
- (c) In consultation with *Participants*, VENCORP must develop and update from time to time *system security guidelines* in accordance with which VENCORP will be required to operate the *transmission system* in a way which minimises threats to *system security*, and the *system security guidelines* must be provided to:
- (1) the *Regulator* on completion and after any update of the *system security guidelines*; and
  - (2) *Participants* and interested persons on request.
- (d) Should VENCORP propose a change to the *system security guidelines* which, in VENCORP's reasonable opinion is a material change then, prior to its implementation, that proposed change must be reviewed in accordance with the *public consultation procedures*.
- (e) VENCORP must monitor daily trading activity in the *market*:
- (1) with a view to ensuring that such trading is performed in accordance with these Rules; and
  - (2) to identify any *significant price variations* in and between *trading intervals*.
- (f) If VENCORP identifies any *significant price variations* in and between *trading intervals*, VENCORP must:
- (1) within ten *business days* notify *Participants* of this event; and
  - (2) within ten *business days* following the issue of the *final statement* for that *trading interval*, prepare a report setting out the identified *significant price variations*
- (g) VENCORP must provide a copy of the report referred to in clause 1.2.1(f) to:
- (1) the *Regulator* on completion of the report; and
  - (2) *Participants* and interested persons on request.
- (h) VENCORP must, in consultation with the *Regulator*, develop guidelines as to what constitutes a *significant price variation*.
- (i) Where these Rules require VENCORP to develop procedures, processes or systems, VENCORP must do so after taking into consideration the likely costs to *Participants* of complying with those procedures or processes and of obtaining, installing or adopting those systems, as the case may be.
- (j) VENCORP must comply with each of the requirements and obligations imposed on it under these Rules.
- (ja) VENCORP may do such other things as are consequential or incidental upon the obligations set out in clauses 1.2.1(a) to 1.2.1(f) inclusive.

Clause 1.2.2(k) deleted

### 1.2.2 Limitation of liability of VENCORP

VENCORP is not to be liable for any loss or damage suffered or incurred by a *Participant* or any other person as a consequence of any act or omission by VENCORP, except:

- (a) as expressly provided for in these Rules;
- (b) to the extent that VENCORP can and does recover compensation from any *Participant* or any other person in respect of any such loss or damage, after deducting its costs, if any, of recovering that compensation; and
- (c) to the extent that VENCORP can and does recover compensation under a policy of insurance in respect of any such loss or damage, after deducting its costs, if any, of recovering that compensation.

Clause 1.2.3 deleted by notice in the Government Gazette dated 28 February 2002

### 1.2.4 VENCORP performance

- (a) Unless otherwise expressly provided in these Rules, nothing in these Rules is to be construed as imposing upon VENCORP any obligation or duty to, or enforceable by, a *Participant* or any other person and a *Participant* must not make any commitment to any person binding on or purporting to bind VENCORP.
- (b) Nothing in these Rules prevents VENCORP from exercising any right or remedy which it may have against a person at law or pursuant to the *Gas Industry Act* or otherwise.
- (c) In exercising its discretions and performing its obligations under these Rules, VENCORP must at all times:
  - (1) act in a reasonable and prudent manner; and
  - (2) act reasonably and in good faith in its dealings with *Participants*;except to the extent that:
  - (3) there is any standard of performance already provided for by any statute, regulation or licence condition to which VENCORP is subject; or
  - (4) VENCORP would thereby be required to act in a manner which would conflict with any requirement of law.
- (d) For the avoidance of doubt the operation of clause 1.2.4(c) does not prevent VENCORP from performing any obligation under these Rules.
- (e) At least once in every calendar year, VENCORP must *publish* performance indicators which provide an indication of, and monitor, VENCORP's performance under these Rules in respect of the VENCORP *functions* and the *market objectives*.

### **1.3 ENFORCEABILITY AND AMENDMENT OF THESE RULES**

#### **1.3.1 Enforceability**

These Rules are enforceable in accordance with chapter 7.

#### **1.3.2 Changes to these Rules**

Amendments to these Rules must be made in accordance with chapter 8.

## 1.4 PUBLIC CONSULTATION PROCEDURES

Where these Rules identify matters which are subject to review or consultation in accordance with the *public consultation procedures*, *VENCorp* must ensure that, as a minimum, the following procedures are followed:

- (a) *VENCorp* must advertise particulars of the matter to *Participants* and other interested persons, inviting written submissions concerning the matter to be made by a specified date;
- (b) where, in the reasonable opinion of *VENCorp*, there is a diversity of views expressed in the written submissions received under clause 1.4(a), *VENCorp* must invite *Participants* and other interested persons to a meeting or meetings at which those views may be presented and discussed;
- (c) following its consideration of the matter under consultation, *VENCorp* must prepare a report setting out:
  - (1) the matter under consultation;
  - (2) *VENCorp*'s decision in relation to the matter;
  - (3) the reasons for *VENCorp*'s decision;
  - (4) the findings on material questions of fact, referring to evidence or other material on which those findings were based; and
  - (5) the procedures followed in considering the matter; and
- (d) *VENCorp* must provide a copy of the report referred to in clause 1.4(c) to:
  - (1) the *Regulator* on completion of the report; and
  - (2) *Participants* and interested persons on request.

## **CHAPTER 2. REGISTRATION**

## 2.1 REGISTRATION WITH VENCORP

- (a) Each *Transmission Pipeline Owner* whose *transmission pipeline* forms part of the *transmission system* and each person whose *pipeline* or *pipeline equipment*, *gas production facility* or *storage facility* is connected to the *transmission system* must register with *VENCorp* as a *Participant* (unless that person is an *Exempt Person*) in any one or more of the following categories:
- (1) *Transmission Pipeline Owners*;
  - (2) *Interconnected Pipeline Owners*;
  - (3) *Producers*;
  - (4) *Transmission Customers*;
  - (5) *Distributors*; and
  - (6) *Storage Providers*.
- (b) A person who:
- (1) holds a retail licence under the *Gas Industry Act*; and
  - (2) sells gas to *Customers* which has been transported through the *transmission system*,
- must register with *VENCorp* as a *Participant* unless that person is an *Exempt Person*.
- (c) Subject to clause 2.1(e), a person may apply to *VENCorp* to be registered as a *Market Participant* in one or more of the following categories:
- (1) *Producers*;
  - (2) *Traders*;
  - (3) *Retailers*;
  - (4) *Transmission Customers*;
  - (5) *Distribution Customers*; or
  - (6) *Storage Providers*.
- (d) A person may not undertake activities or participate in or in relation to the *market* in a category set out in clause 2.1(c) unless the person is registered as a *Market Participant* in that category.
- (e) A person is not eligible to be registered as a *Market Participant* unless the person:
- (1) is a resident in, or is permanently established in, Australia;

Clauses 2.1(e)(2) was deleted by notice placed in the Government Gazette dated 24 October 2002.

- (3) is not under external administration (as defined in the Corporations Law) or under a similar form of administration under any laws applicable to that person in any jurisdiction;
- (4) is not immune from suit in respect of the obligations of a *Participant* under these Rules;
- (5) is capable of being sued in its own name in a court of Australia; and
- (6) has entered into and continues to be a party to an agreement providing for the payment of transmission charges associated with the provision of services by a *Transmission Pipeline Owner* under a *service envelope agreement*,

and if at any time a *Market Participant* ceases to be eligible to be registered as a *Market Participant* in accordance with this clause 2.1(e), that *Market Participant* must inform *VENCorp* accordingly and as soon as practicable after *VENCorp* becomes aware that a *Market Participant* is no longer eligible to be registered, *VENCorp* must issue a *suspension notice* in respect of that *Market Participant* in accordance with clause 3.7.7.

- (f) Applications for registration must be submitted to *VENCorp* in the form prescribed by *VENCorp* and must be accompanied by a registration fee (if any) fixed by *VENCorp*.
- (g) If an applicant applies for registration in one of the categories specified in clause 2.1(c), that applicant must satisfy *prudential requirements* in accordance with clause 3.7 and must provide to *VENCorp* documentary evidence of its compliance with the relevant *prudential requirements* with the application for registration.
- (h) Within five *business days* of receiving an application, *VENCorp* must advise the applicant of any further information which *VENCorp* reasonably considers to be required to enable *VENCorp* properly to assess the application and if *VENCorp* has not received that further information which it reasonably considers satisfy the relevant application requirements within a further fifteen *business days*, *VENCorp* may treat the application as withdrawn and if *VENCorp* incurs additional costs as a result of requesting and assessing that further information *VENCorp* may require the applicant to pay to *VENCorp* a reasonable amount to cover those additional costs.
- (i) If an application for registration in one or more of the categories set out in clause 2.1(a), (b) and/or (c) has been received by *VENCorp* and:
  - (1) all relevant application requirements have been satisfied;
  - (2) the applicant is eligible to be registered in the category or categories in which registration is sought;
  - (3) *VENCorp* reasonably considers that the applicant will be able to comply and maintain compliance with these Rules;
  - (4) *VENCorp* reasonably considers that the applicant is of sufficient financial standing or has sufficient *credit support* to meet its financial obligations; and
  - (5) if the applicant seeks registration as a *Market Participant*, the applicant satisfies any applicable *prudential requirements*,

then subject to clause 2.1(e), *VENCorp* must approve the application and register the applicant in the category or categories to which the application relates providing that if the application satisfies the requirements of this clause 2.1(i) in respect of a fewer number of categories than those for which registration is sought, *VENCorp* must register the applicant only in that category or in those categories in respect of which the requirements of this clause 2.1(i) are satisfied.

- (j) If *VENCorp* approves an application under clause 2.1(i), *VENCorp* must send written notice of approval to the applicant within fifteen *business days* of receiving:
  - (1) the application under clause 2.1(f); or
  - (2) if further information and/or fees are required under clause 2.1(h), that further information and/or fees,

and registration of the applicant as a *Participant* will take effect on the date specified in the notice of approval which must be a date not more than seven days after the date on which *VENCorp* sends the notice of approval under this clause 2.1(j).

- (k) If *VENCorp* does not approve an application for registration in a category to which an application relates, *VENCorp* must send written notice to the applicant advising the

applicant that the application is not approved and *VENCorp* must give reasons for its decision.

## 2.2 CEASING TO BE A MARKET PARTICIPANT

- (a) A person may notify *VENCorp* in writing that it wishes to cease to be registered in any one or more categories of *Market Participant* set out in clause 2.1(c).
- (b) In a notice given under clause 2.2(a), a *Market Participant* must specify a date upon which it wishes to cease to be registered.
- (c) On receipt of a notice under clause 2.2(a), *VENCorp* must notify all *Market Participants* that the person who gave the notice will cease to be a *Market Participant* and the date on which that will occur.
- (d) If *VENCorp* notifies *Market Participants* that a *Market Participant* will cease to be registered on a specified date, that *Market Participant* must cease all trading and all other activities in the *market* from that date.

## 2.3 SUSPENSION

- (a) Subject to clause 2.3(b), if a *Market Participant* receives a *suspension notice* from *VENCorp* in accordance with any provision of these Rules, that *Market Participant* is suspended from participation in the *market* unless and until *VENCorp* in its absolute discretion declares the *suspension notice* to be revoked in accordance with clause 3.7.7.
- (b) If *VENCorp* issues a *suspension notice* to any *Market Participant* under which *VENCorp* declares that the *Market Participant* is to be deregistered as a *Market Participant*, the *Market Participant* is deemed to be deregistered as a *Market Participant* from the date specified in the *suspension notice*.

## **2.4 LIABILITY OF DEREGISTERED PARTICIPANTS**

Notwithstanding that a person is no longer registered as a *Participant* for any reason, that person's obligations and liabilities which arose under these Rules prior to the date on which that person was deregistered remain unaffected by the deregistration.

## 2.5 INTENTION TO COMMENCE ACTIVITIES OR FUNCTIONS

- (a) Any person who intends to register as a *Participant* may register with *VENCorp* as an *Intending Participant* if that person can satisfy *VENCorp* of its bona fide intent to commence an activity which would entitle or require that person to be registered as a *Participant* once that activity is commenced.
- (b) Applications for registration as an *Intending Participant* must be submitted to *VENCorp* in the form prescribed by *VENCorp* and must be accompanied by the registration fee (if any) fixed by *VENCorp* from time to time.
- (c) *VENCorp* may from time to time require an *Intending Participant* to satisfy *VENCorp* that it continues to meet the criteria for registration in clause 2.5(a) and if the *Intending Participant* is unable to satisfy *VENCorp* that it remains entitled to be registered as an *Intending Participant*, then *VENCorp* must send written notice to the relevant *Intending Participant* to advise the relevant *Intending Participant* that it will cease to be registered as an *Intending Participant* on the date specified by *VENCorp* in that notice.
- (d) An *Intending Participant* is taken to be an *Intending Participant* only insofar as its activities relate to its intention to commence an activity that would entitle or require that person to be registered as a *Participant*.
- (e) An *Intending Participant* acquires the rights and obligations under these Rules:
  - (1) which are applicable to *Participants*; and
  - (2) which are applicable to the category of *Participant* (as specified in clauses 2.1(a), (b) and (c)) in which that *Intending Participant* would be entitled or required to be registered once it commences its intended activities.

## 2.6 MARKET FEES

- (a) *VENCorp* may charge, and *Participants* must pay, *market fees* in accordance with this clause 2.6.
- (b) Subject to clauses 2.6(d) to (h), *market fees*, which are charged for *tariffed VENC Corp services* must be determined by the Board of Directors of *VENCorp*, and approved by the *Regulator*, in accordance with *VENCorp's access arrangement*.
- (c) Unless otherwise approved by the *Regulator*, each *Participant* must pay to *VENCorp market fees* in accordance with this clause 2.6(c):
  - (1) each *Market Participant* must pay a registration tariff determined in accordance with *VENCorp's access arrangement* ;
  - (2) each *Market Participant* who withdraws gas from the *transmission system* at a *system withdrawal point* or injects gas into the *transmission system* at a *system injection point* or whose *Customers* are connected to a *transmission delivery point* at which there is a *metering installation* from which *VENCorp* is responsible for collecting *metering data* must pay a "transmission meter data management tariff" determined in accordance with *VENCorp's access arrangement*;

Clause 2.6(c)(3) is deleted

- (4) each *Market Participant* who is connected to a *distribution delivery point* or whose *Customers* are connected to a *distribution delivery point* at which there is a *metering installation* from which *VENCorp* is responsible for collecting *metering data* must pay, in respect of that *metering installation*, a "distribution meter data management tariff" determined in accordance with *VENCorp's access arrangement*;

Clause 2.6(c)(5) is deleted

- (5a) with the exception of data provided to *VENCorp* for *settlement* in accordance with the *Retail Gas Market Rules*, where gas quantities are provided to *VENCorp* by an *Allocation Agent* or otherwise derived by *VENCorp* for the purpose of *settlement*, the *Market Participant* for which the information is required shall be deemed to have a *metering installation* for the purpose of this clause 2.6.
- (6) each *Market Participant* who withdraws gas at a *tariff V withdrawal point* or who sells gas to *Customers* who withdraw gas at a *tariff V withdrawal point* in a *financial year* must pay a "tariff V commodity tariff" determined in accordance with *VENCorp's access arrangement* ;

Clause 2.6(c)(7) is deleted

- (8) each *Market Participant* who withdraws gas at a *tariff D withdrawal point* or who sells gas to *Customers* who withdraw gas at a *tariff D withdrawal point* in a *financial year* must pay a "tariff D commodity tariff" determined in accordance with *VENCorp's access arrangement*;
- (9a) For the purpose of applying "tariff D commodity tariffs" and "tariff V commodity tariffs", relevant *metering installations* must be assigned to tariff D or tariff V in accordance with the provisions of any *regulatory instrument* that may be applicable from time to time.
- (9b) Subject to (9c), where there is no *regulatory instrument* applicable then, for the purpose of applying "tariff D commodity tariffs" and "tariff V commodity tariffs";
  - (A) a relevant *metering installation* shall be assigned to tariff D where:

- (i) 10 GJ or more of gas is withdrawn in any hour, or
  - (ii) 10,000 GJ or more of gas in total is withdrawn,based on *metering data* available for the past 12 months, or where 12 months *metering data* is not available, based on a reasonable estimation for the next 12 month period, or
- (B) If a *metering installation* is not assigned to tariff D, the *metering installation* must be assigned to tariff V.
- (9c) A *Transmission Pipeline Owner* or a *Distributor*, as the case may be, may notify *VENCorp* that an assignment of tariff D or tariff V is to be other than as prescribed in 9(b).
- (10) each *Market Participant* must pay a “system security tariff” determined in accordance with *VENCorp’s access arrangement* .
- (ca) *VENCorp* may, in its absolute discretion, apply to the *Regulator* at any time for a variation to the reference tariffs prescribed in *VENCorp’s access arrangement*.
- (d) *VENCorp* must, submit an annual application to the *Regulator* for approval of Transmission Meter Data Management Tariffs, Distribution Meter Data Management Tariffs and System Security Tariffs for *tariffed VENCORP services* for the next *financial year* and must do so in accordance with *VENCorp’s access arrangement* :
- (da) Before submitting its annual application to the *Regulator* under clause 2.6(d) for approval *VENCorp* must produce an initial report setting out:
  - (1) *VENCorp’s* budgeted expenditures and budgeted revenues for the next financial year;
  - (2) the amount of *market fees* to be charged for the next *financial year* in respect of Transmission Meter Data Management Tariffs, Distribution Meter Data Management Tariffs and System Security Tariff *tariffed VENCORP services*;
  - (3) the method used in determining the amount of proposed *market fees* in respect of each of *VENCorp’s* activities referred to in clause 2.6(d)(2) including but not limited to *VENCorp’s* estimated costs and expenses associated with those activities;
  - (4) other fee structures and fee amounts which are appropriate for comparison purposes; and
  - (5) an assessment of the extent to which the proposed *market fees* comply with the principles set out in clause 8.1 of the *Access Code*.
- (e) *VENCorp* must provide a copy of the initial report to:
  - (1) the *Regulator* on completion of the report; and
  - (2) *Participants* and interested persons on request.
- (f) *VENCorp* must invite *Participants* and interested persons to make submissions in relation to the initial report and must consider any such submissions received up to ten *business days* after the initial report is made available to *Participants* and interested persons under clause 2.6(e)(2).
- (g) *VENCorp* must prepare a final report which summarises:
  - (1) submissions received under clause 2.6(f); and
  - (2) the process of consultation undertaken by *VENCorp* in relation to preparation of the final report.

- (h) *VENCorp* must provide a copy of the final report to the *Regulator* at the time of submitting its annual statement to the *Regulator* for approval in accordance with *VENCorp's* access arrangement

## 2.7 PREVIOUS FINANCIAL YEAR REPORT

- (a) *VENCorp* must, by no later than two months after the end of each *financial year*, prepare a report setting out:
  - (1) *VENCorp's* budgeted and actual expenditures and budgeted and actual revenues in respect of *tariffed VENCorp services* in respect of the previous *financial year*.
    - (A) "system security";
    - (B) collection, storage and processing of *metering data* and billing and *settlement of market* transactions; and
    - (C) costs of operating the dispute resolution process under clause 7.2;
  - (2) an explanation of any significant variation between budgeted and actual expenditures and budgeted and actual revenues in respect of the previous *financial year*;
  - (3) contributions made to and payments made from the *participant compensation fund*, and
  - (4) *VENCorp's* budgeted expenditures in respect of *tariffed VENCorp services* over the term of *VENCorp's* corporate planning process with reference to the *access arrangement* forecast expenditure.
- (b) *VENCorp* must provide a copy of the report prepared under clause 2.7(a) to:
  - (1) the *Regulator* on completion; and
  - (2) *Participants* and interested persons on request.

## **CHAPTER 3. MARKET OPERATION AND ADMINISTRATION**

### 3.1 GAS SCHEDULING

#### 3.1.1 Gas scheduling

- (a) *VENCorp* must operate the *transmission system* in accordance with the *gas scheduling procedures* and these Rules and by *scheduling* injections of gas into and withdrawals of gas from the *transmission system* in accordance with *nominations* and *inc/dec offers*.
- (b) When *scheduling* injections of gas into and withdrawals of gas from the *transmission system*, *VENCorp* must use its reasonable endeavours to operate within the *system security guidelines*.
- (c) Subject always to:
  - (1) *VENCorp's* obligations under these Rules to *schedule* injections of gas into, and withdrawals of gas from, the *transmission system* in accordance with the *gas scheduling procedures*;
  - (2) *VENCorp's* obligations under these Rules to operate the *transmission system* within the *system security guidelines* and to avert threats to *system security*; and
  - (3) there being sufficient gas available at all relevant times for injection into the *transmission system* to satisfy demand,

*VENCorp* must use its reasonable endeavours to ensure that sufficient gas is made available for withdrawal from the *transmission system* during each *gas day* to satisfy *Market Participants' aggregate requirements for gas at system withdrawal points*.

- (d) *VENCorp* must develop, document and make available to all *Market Participants* and *Transmission Pipeline Owners* the procedures (the *gas scheduling procedures*), including systems back-up and disaster recovery procedures, which *VENCorp* will follow, and the algorithm which will be used by *VENCorp*, for the purpose of *scheduling* in accordance with this clause 3.1.

#### 3.1.2 Nominations and inc/dec offers

- (a) Each *Market Participant* who intends to inject quantities of gas into or withdraw quantities of gas from the *transmission system* on a *gas day* must submit *nominations* to *VENCorp* in accordance with and at the times specified in clauses 3.1.3, 3.1.4 and 3.1.7.
- (b) A *Market Participant* who is willing to modify the quantities of gas which it intends to inject into or withdraw from the *transmission system* on a *gas day* (as specified in the *nominations* submitted by that *Market Participant* in respect of that *gas day*) may submit *inc/dec offers* in accordance with clauses 3.1.5 and 3.1.7.

#### 3.1.3 Injection nominations

- (a) A *Market Participant* must submit a separate *injection nomination* in respect of each *system injection point* at which it intends to inject gas on a *gas day*.
- (b) Each *injection nomination* must specify:
  - (1) the *gas day* in respect of which the *injection nomination* applies;
  - (2) the identity of the *Market Participant* submitting the *injection nomination*;
  - (3) the *system injection point* at which the *Market Participant* submitting the *injection nomination* intends to inject quantities of gas; and
  - (4) the quantity of gas nominated for injection at that *system injection point* for that *gas day*.

### 3.1.4 Withdrawal nominations

- (a) A *Market Participant* must submit a separate *withdrawal nomination* in respect of each *system withdrawal point* from which it intends to withdraw gas on a *gas day*.
- (b) Each *withdrawal nomination* must specify:
  - (1) the *gas day* in respect of which the *withdrawal nomination* applies;
  - (2) the identity of the *Market Participant* submitting the *withdrawal nomination*;
  - (3) the *system withdrawal point* from which the *Market Participant* submitting the *withdrawal nomination* proposes to withdraw quantities of gas;
  - (4) if the *Market Participant* intends to submit a *withdrawal inc/dec offer* in respect of that *system withdrawal point* for that *gas day*, the *controllable quantity* nominated by the *Market Participant* in respect of that *system withdrawal point*; and
  - (5) the quantity of gas nominated for withdrawal at that *system withdrawal point* for each hour of that *gas day*.

### 3.1.5 Inc/dec offers

- (a) *Market Participants* may make offers (*inc/dec offers*) to modify the quantities of gas which they will inject into, or withdraw from, the *transmission system* on a *gas day* at specified prices in accordance with this clause 3.1.5.
- (b) An *inc/dec offer* must specify:
  - (1) the identity of the *Market Participant* by whom it is made;
  - (2) the *gas day* to which the offer relates;
  - (3) the *system injection point* (in the case of an *injection inc/dec offer*) or *system withdrawal point* (in the case of a *withdrawal inc/dec offer*) in relation to which the offer is made; and
  - (4) up to ten *price steps*.
- (c) Each *price step* must specify:
  - (1) a single price, expressed in \$/GJ to four decimal places, which is to apply throughout the *gas day*; and
  - (2) for of the *gas day*, the total quantity of gas, expressed in GJ, up to which the *Market Participant* is offering to inject gas into, or withdraw gas from, the *transmission system* at the price specified in clause 3.1.5(c)(1).
- (d) In the case of an *injection inc/dec offer*, the quantity of gas specified in a *price step* (referred to in this clause as the "*higher price step*") must not be less than the quantity of gas specified in any *price step* which specifies a price which is less than the price specified in the *higher price step*.
- (e) In the case of *withdrawal inc/dec offer*, the quantity of gas specified in a *price step* (referred to in this clause as the "*higher price step*") must not be greater than the quantity of gas specified in any *price step* which specifies a price which is less than the price specified in the *higher price step*.

- (f) *Inc/dec offers* may specify the following conditions or constraints, which will be applied by *VENCorp* in *scheduling price steps*:

[Sub-clauses 3.1.5(1), (2) and (3) deleted: Order in Council, 10 March 1999, published in the Government Gazette 11 March 99]

- (4) in the case of an *injection inc/dec offer*, the minimum quantity of gas which the *Market Participant* is offering to inject in the *gas day* to which the offer relates;
- (5) in the case of an *injection inc/dec offer*, the maximum quantity of gas in each *price step* which the *Market Participant* is offering to inject in the *gas day* to which the offer relates;
- (5A) in the case of a *withdrawal inc/dec offer*, the minimum quantity of gas which the *Market Participant* is offering to withdraw in each hour of the *gas day* to which the offer relates;
- (6) in the case of a *withdrawal inc/dec offer*, the maximum quantity of gas in each *price step* which the *Market Participant* is offering to withdraw in the *gas day* to which the offer relates; and
- (7) in the case of a *withdrawal inc/dec offer*, the minimum quantity of gas which the *Market Participant* is offering to withdraw in the *gas day* to which the offer relates.

[Sub-clause 3.1.5(8) deleted: Order in Council, 10 March 1999, published in the Government Gazette 11 March 99]

- (fa) A *Market Participant* must not submit *inc/dec offers* that are inconsistent with the conditions or constraints applicable to that *Market Participant's* accreditation under clause 3.1.6 unless that *Market Participant* receives prior consent from *VENCorp* to do so.
- (g) A *Market Participant* may only make a *withdrawal inc/dec offer* in respect of a *system withdrawal point* on a *gas day* if and to the extent that it has:
  - (1) nominated a *controllable quantity* for that *system withdrawal point* on that *gas day*; and
  - (2) registered with *VENCorp* a maximum *controllable quantity* in respect of that *system withdrawal point* in accordance with clause 3.1.6 equal to or in excess of the *controllable quantity* nominated by that *Market Participant* for that *system withdrawal point* on that *gas day*.

### 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 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* to which the application relates;
  - (2) details of the load characteristics of the *controllable quantity* at the *delivery 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* 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*;
    - (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*;
    - (C) any conditions relevant to the *injection 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*;
    - (D) and such other information as *VENCorp* may require; and
  - (3) the specific actions that will be taken to increase or decrease injections at the relevant *system injection point* when the applicable *injection inc/dec offer* is *scheduled* by *VENCorp*.
- (c) *VENCorp* will accredit *controllable quantities* if:
  - (1) the *Market Participant* seeking accreditation is able to demonstrate to *VENCorp*'s reasonable satisfaction that it will be able to procure that the gas flow at the relevant *connection point* will be modified in accordance with any *scheduling*

*instructions* issued by *VENCorp* in respect of such *controllable quantities* and that compliance with such *scheduling instructions* can be monitored and/or audited in a manner acceptable to *VENCorp*; and

- (2) in the case where more than one *Market Participant* is injecting or withdrawing quantities of gas at a *connection point*, the application for accreditation of the *controllable quantity* is consistent with the requirements for delivery or receipt of gas at the relevant *connection point*.

### 3.1.7 Timing of nominations and inc/dec offers

- (a) Each *Market Participant* must submit *nominations* in respect of each *gas day* to *VENCorp* by no later than 11.00 am (Local Melbourne Time) on the day which is two days prior to the day on which that *gas day* starts.
- (b) A *Market Participant* must submit a *nomination* in respect of a *gas day* to *VENCorp* by no later than:
  - (1) 8.30 am (Local Melbourne Time) on the day before the day on which that *gas day* starts; and
  - (2) 8.00 am (Local Melbourne Time) on the same day as the start of that *gas day*,  
if the immediately preceding *nomination* (including a *nomination* made pursuant to this clause 3.1.7(b)) made by that *Market Participant* in respect of the same *system point* no longer represents that *Market Participant's* best estimate of the quantity of gas which it expects to inject into or withdraw from the *transmission system* at that *system point* or the timing or gas *flow rate* of that injection or withdrawal.
- (c) Subject to clause 3.1.7(d), a *Market Participant* may submit *inc/dec offers* in respect of a *gas day* at any time prior to, but not later than, 8.00am (Local Melbourne Time) on the same day as the start of the *gas day* in respect of which they are made.
- (d) A *Market Participant* who intends to submit *inc/dec offers* in respect of a *gas day* must submit *inc/dec offers* which reflect the *Market Participant's* best estimate of the quantities and prices which it expects to include in the final *inc/dec offers* which it intends to submit for that *gas day* by no later than:
  - (1) 11.00 am (Local Melbourne Time) on the day which is two days prior to the day on which that *gas day* starts; and
  - (2) 8.30 am (Local Melbourne Time) on the day before the day on which that *gas day* starts.

Clause 3.1.8 deleted by notice in the Government Gazette dated 28 February 2002.

### 3.1.9 Confirmation of nominations and inc/dec offers

- (a) Each *Market Participant* is responsible for verifying that the information posted on the *market information bulletin board* relating to its *nominations* and *inc/dec offers* is accurate and correct.
- (b) *VENCorp* is under no obligation to verify that the information posted on the *market information bulletin board* relating to a *Market Participant's* *nominations* or *inc/dec offers* is accurate and correct.
- (c) *VENCorp* must provide acknowledgment of receipt of and, subject to clause 3.1.9(b), validate all *nominations* or *inc/dec offers* submitted by *Market Participants* in accordance

with the *electronic communication procedures*.

- (d) *VENCorp* must ensure that the information relating to each *Market Participant's nominations* or *inc/dec offers* posted on the *market information bulletin board* is used for the purposes of *scheduling, pricing and settlement* in accordance with these Rules.
- (e) If a *nomination* or an *inc/dec offer* is invalid (as determined by *VENCorp* in accordance with the *electronic communication procedures*), *VENCorp* must not *schedule* that *nomination* or *inc/dec offer* and must, as soon as reasonably practicable after it becomes aware of the invalidity of the *nomination* or *inc/dec offer*, notify the *Market Participant* who has submitted the *nomination* or *inc/dec offer* of its invalidity.

### 3.1.10 Other nomination and inc/dec offer requirements

- (a) *Market Participants* must submit their *nominations* and *inc/dec offers* to *VENCorp* in accordance with the *electronic communication procedures*, unless otherwise determined by *VENCorp*.
- (b) A *nomination* submitted by a *Market Participant* in respect of a *system point* for a *gas day* will be deemed to be revoked by a subsequent *nomination* submitted by that *Market Participant* in respect of that same *system point* and that same *gas day*.
- (c) An *inc/dec offer* submitted by a *Market Participant* in respect of a *system point* for a *gas day* will be deemed to be revoked by a subsequent *inc/dec offer* submitted by that *Market Participant* in respect of that same *system point* and that same *gas day*.

Clause 3.1.10(d) deleted by notice in the Government Gazette dated 28 February 2002

- (e) A *Market Participant* may submit, vary and revoke *standing nominations* and *standing inc/dec offers*, provided that it does so in accordance with the *electronic communication procedures*.
- (f) Each *Market Participant* warrants to *VENCorp* that:
  - (1) each *injection nomination* submitted by that *Market Participant* will be made in good faith and represent that *Market Participant's* best estimate of the quantities of gas which it expects to inject into the *transmission system* at the relevant *system injection point* on the relevant *gas day* and the timing of such injections (unless instructed by *VENCorp* to do otherwise);
  - (2) each *withdrawal nomination* submitted by that *Market Participant* will be made in good faith and represent that *Market Participant's* best estimate of the quantities of gas which it expects to withdraw from the *transmission system* at the relevant *system withdrawal zone* on the relevant *gas day* and the timing of such withdrawals (unless instructed by *VENCorp* to do otherwise); and
  - (3) if *scheduled* to do so by *VENCorp*, it will be able to modify the quantities of gas which it injects into, or withdraws from, the *transmission system* on a *gas day* in accordance with the *inc/dec offers* submitted by that *Market Participant* in respect of that *gas day*.
- (g) To avoid doubt, the aggregate quantities of gas (if any) which a *Market Participant* nominates for injection into the *transmission system* on a *gas day* need not be equal to the aggregate quantities of gas (if any) which that *Market Participant* nominates for withdrawal from the *transmission system* on that *gas day*.

- (h) A *Market Participant* who knows or believes that it will not, or that it is unlikely to be able to, comply in any material respect with the injections or withdrawals *scheduled* for that *Market Participant* in a *final operating schedule* must immediately notify *VENCorp* of that fact and the extent of the known or likely non-compliance.
- (i) The acceptance or *scheduling* of a *nomination* or an *inc/dec offer* by *VENCorp*, or the failure by *VENCorp* to reject a *nomination* or an *inc/dec offer*, will not constitute an offer or undertaking by *VENCorp* to receive, convey or deliver any quantity of gas.

### 3.1.11 Priority of inc/dec offers

If the information provided in *inc/dec offers* implies that two or more *inc/dec offers* are equally beneficial for *scheduling*, then *VENCorp* must *schedule* those offers in accordance with the following principles:

- (a) an *injection inc/dec offer* should be *scheduled* before a *withdrawal inc/dec offer*;
- (b) where two or more *injection inc/dec offers* are equally beneficial, those *injection inc/dec offers* should be *scheduled* as far as practicable to the same extent; and
- (c) where two or more *withdrawal inc/dec offers* are equally beneficial, those *withdrawal inc/dec offers* should be *scheduled* as far as practicable to the same extent.

### 3.1.12 Preliminary and final operating schedules

- (a) *VENCorp* must use the following inputs and assumptions for the purpose of producing *preliminary operating schedules* and *final operating schedules* for a *gas day*:
  - (1) the *nominations* and *inc/dec offers* submitted by *Market Participants* in respect of that *gas day*, including any conditions or constraints included in such *inc/dec offers* in accordance with clause 3.1.5(f);
  - (1A) any conditions or constraints applicable to the *inc/dec offers* of *Market Participants* and delivery or receipt of gas at the relevant *connection point* accredited under the accreditation process under clause 3.1.6;
  - (2) *VENCorp's* demand projections by location for that *gas day* including any margin for *system security*, as determined in accordance with the *gas scheduling procedures*;
  - (3) the linepack required by *VENCorp* in respect of that *gas day*;
  - (4) any equations or constraints relating to the flow of gas in the *transmission system*, including without limitation mass, gas flow and minimum and maximum operating pressures;
  - (5) in the case of *operating schedules* produced in respect of a *gas day* prior to that *gas day*, the forecast condition of the flow of gas in the *transmission system* at the start of that *gas day*, including without limitation mass, operating pressures and quantity and distribution of linepack;
  - (6) in the case of *final operating schedules* produced in respect of a *gas day* on that *gas day*, the actual condition of the flow of gas in the *transmission system*, including without limitation mass, operating pressures and quantity and distribution of linepack;
  - (7) the actual or forecast state or condition of the *pipelines* and *pipeline equipment* which constitute the *transmission system*; and
  - (8) any other inputs or assumptions specified for that purpose in the *gas scheduling procedures*.

- (b) The inputs and assumptions set out in clause 3.1.12(a) are to be applied by *VENCorp* in an optimisation program in which *nominations* and *inc/dec offers* submitted by *Market Participants* are used to produce *preliminary operating schedules* and *final operating schedules* which specify injections and withdrawals for each hour of the *gas day* in a way that minimises the cost of satisfying demand for gas over that *gas day* taking account of any *transmission constraints* affecting the transmission or storage of gas in the *transmission system* during that *gas day*.
- (c) Each day *VENCorp* must *publish*:
  - (1) by 1.00 pm (Local Melbourne Time), a *preliminary operating schedule* covering each hour in the *gas day* starting on the second day after the current day;
  - (2) by 10.00 am (Local Melbourne Time), a *preliminary operating schedule* covering each hour in the *gas day* starting on the day after the current day; and
  - (3) as soon as reasonably practicable and in any event by 9.00 am (Local Melbourne Time), a *final operating schedule* covering each hour in the *gas day* starting on the current day.
- (d) If, after a *preliminary operating schedule* or a *final operating schedule* has been *published*, a change in circumstances occurs which *VENCorp* considers is likely to have a material effect on the operation of the *transmission system* on the *gas day* in respect of which such schedule is made, *VENCorp* must *publish* a further *preliminary operating schedule* or *final operating schedule* (as the case may be) in respect of that *gas day* as soon as reasonably practicable.
- (e) Each *preliminary operating schedule* and *final operating schedule* must include the information set out in clause 5.1.4(b).
- (f) All material factors which *VENCorp* takes into account for the purposes of preparing a *preliminary operating schedule* or a *final operating schedule* must be recorded by *VENCorp* so that the *gas scheduling procedures* can be properly audited.
- (g) *VENCorp* must maintain records relating to the *scheduling process* undertaken by *VENCorp* in respect of each *gas day* and make those records available to any *Market Participant*, subject to the *Market Participant* paying the reasonable costs incurred by *VENCorp* in making those records available.
- (h) *VENCorp* must issue *scheduling instructions* to each *Market Participant* by no later than 9.00 am (Local Melbourne Time) on each day, specifying the quantities of gas which each *Market Participant* is *scheduled* to inject or withdraw for each hour of the *gas day* commencing on that day at each *injection point* and *withdrawal zone*.
- (i) *VENCorp* may make changes to the *final operating schedule* by issuing *scheduling instructions* during the *gas day* in accordance with the *gas scheduling procedures*.
- (j) *VENCorp* must ensure that all *scheduling instructions* and the times at which they are issued are automatically logged electronically or otherwise recorded.

### 3.1.13 Failure to conform to scheduling instructions

- (a) Subject to clauses 3.1.13(b) and (d), if *VENCorp* issues a *scheduling instruction* in respect of an *injection nomination* or an *inc/dec offer*, the *Market Participant* who submitted the *injection nomination* or the *inc/dec offer* must comply with the *scheduling instruction* in all material respects.
- (b) If a *Market Participant* is unable to comply in all material respects with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*, it must:

- (1) notify *VENCorp* that it is unable to comply with the *scheduling instruction* as soon as practicable after it becomes aware of its failure to comply and give the reasons for the failure; and
  - (2) provide *VENCorp* with such evidence of the reasons for the failure as *VENCorp* may reasonably require.
- (c) If a *Market Participant* is unable to comply in all material respects with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*, *VENCorp* must notify all *Market Participants* of that fact and *VENCorp* must, on request, provide details of the reasons for the failure to comply if and to the extent that those reasons have been provided.
- (d) A *Market Participant* is not obliged to comply with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer* if it is unable to do so:
  - (1) due to a technical fault or failure which, in the opinion of *VENCorp*, was outside that *Market Participant's* control; or
  - (2) in the case of an *injection nomination* or an *injection inc/dec offer*, because the *Market Participant* ordered a quantity of gas from a *Producer* or other person to enable it to comply with that *injection nomination* or *injection inc/dec offer* and that *Producer* or other person was only required, under the terms of its contract with that *Market Participant*, to use its reasonable endeavours to deliver that quantity of gas and that *Producer* or other person does not in fact deliver that quantity of gas.
- (e) Subject to clauses 3.1.13(b) and (d), if a *Market Participant* fails to comply in any material respect (as determined by *VENCorp* in its reasonable opinion) with a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer*, then:
  - (1) the gas injection or gas withdrawal which is the subject of that *scheduling instruction* must be declared by *VENCorp* to be non-conforming; and
  - (2) the relevant *Market Participant* may be liable to pay financial penalties or other sanctions imposed under the *Gas Industry Act* for breach of these Rules.
- (f) If a gas injection or gas withdrawal which is the subject of a *scheduling instruction* issued in respect of an *injection nomination* or an *inc/dec offer* is declared by *VENCorp* to be non-conforming in accordance with clause 3.1.13(e):
  - (1) *VENCorp* must notify the relevant *Market Participant* that the gas injection or gas withdrawal does not conform and request a reason for the *Market Participant's* failure to comply with the *scheduling instruction*; and
  - (2) if the relevant *Market Participant* fails to respond to the request set out in clause 3.1.13(f)(1) or if *VENCorp* is not satisfied that the relevant *Market Participant* will respond to any future *scheduling instruction*, *VENCorp* may *intervene* by issuing directions or requiring the *Market Participant* to take action in accordance with clause 6.6 (which *intervention* may include requiring the *Market Participant* to inject or withdraw gas at a constant rate).
- (g) Until a *Market Participant* responds to a request under clause 3.1.13(f)(1) and *VENCorp* is satisfied that the *Market Participant* will respond to future *scheduling instructions*, the gas injection or gas withdrawal which is the subject of the relevant *injection nomination* or *inc/dec offer* will continue to be non-conforming.

### 3.1.14 Scheduling errors

- (a) If either:
  - (1) the *dispute resolution panel* determines under clause 7.2 that *VENCorp* has failed to follow the *gas scheduling procedures* for the purpose of issuing *scheduling instructions*; or
  - (2) *VENCorp* declares that it has not complied with the *gas scheduling procedures* for the purpose of issuing *scheduling instructions*,a *scheduling error* will be deemed to have occurred and a *Market Participant* may be entitled to compensation in accordance with clause 3.3.3.
- (b) *Market prices* are not to be adjusted when a *scheduling error* is deemed to have occurred.

### 3.1.15 Injection and withdrawal confirmations

- (a) Each *Participant* who is registered as a *Producer* or a *Storage Provider* under clause 2.1(a) must by no later than 4.00 pm on each day notify *VENCorp* of the total quantity of gas that it intends to inject into, and withdraw from, the *transmission system* on its own account (if any) and on behalf of *Market Participants* during the *gas day* commencing on the following day.
- (b) If, for any reason, there is a material change to the quantity of gas previously notified by a *Participant* under this clause 3.1.15, then the *Participant* must promptly notify *VENCorp* of the change.

### 3.1.16 Title to gas

- (a) Until such time as title to gas injected by a *Market Participant* is transferred to another *Market Participant* or to the *Market Participants* as owners in common in accordance with clause 3.1.16(b), title to gas injected into the *transmission system* shall at all times remain with the *Market Participant* which injected such gas or, if a *Market Participant* has injected gas, or arranged for gas to be injected, into the *transmission system* as agent, the principal on whose behalf such gas was injected.
- (b) *VENCorp* must establish rules for determining ownership of gas in the *transmission system* and the times and places at which title to gas is transferred between *Market Participants* as a result of transactions in gas effected in accordance with these Rules.
- (c) In the event of a dispute between *Participants* relating to the ownership of gas in the *transmission system*, *VENCorp* must determine the dispute in accordance with the rules established pursuant to clause 3.1.16(b) and any such determination shall be binding on all *Participants*.
- (d) Each *Market Participant* warrants to *VENCorp* that:
  - (1) it will have title to all gas injected into, or tendered for injection into, the *transmission system* by it at any *system injection point* or, where the *Market Participant* is acting as agent in respect of a quantity of gas so injected, it will be unconditionally and irrevocably authorised to transfer title to such gas to such person as *VENCorp* may determine in accordance with these Rules; and
  - (2) all such gas will (at the *system injection point*) be free of any lien, charge or encumbrance or adverse claim (as to title or otherwise), including any claim for any tax, royalty or other charge in respect of the production, gathering, processing and tendering of gas arising on or before injection of gas into the *transmission system*.

- (e) Each *Market Participant* unconditionally and irrevocably authorises *VENCorp* to effect any transfer of title to gas injected by it into the *transmission system* and to determine the time and place of transfer and the quantities of gas transferred in accordance with these Rules.
- (f) Each *Market Participant* must indemnify *VENCorp* and hold it harmless against any loss, liability, damage, claim, action, proceeding, cost and expense suffered or incurred by or made or brought against *VENCorp* in consequence of any breach of the warranties in clause 3.1.16(d).
- (g) *VENCorp* makes no warranty regarding the merchantability or suitability for any purpose of gas delivered at a *system withdrawal point* and all implied warranties are excluded to the maximum extent permitted by law.
- (h) Custody and control, and risk of loss, of gas injected into the *transmission system* at a *system injection point* shall pass to *VENCorp*.
- (i) Custody and control, and risk of loss, of gas withdrawn from the *transmission system* at a *system withdrawal point* shall pass to the *Market Participant* who has title to that gas at that *system withdrawal point* immediately prior to such withdrawal or, where a *Market Participant* has injected gas as agent for a third party, to the *Market Participant* whose principal has title to gas at that *system withdrawal point* immediately prior to such withdrawal.
- (j) *VENCorp* has the right to co-mingle a *Market Participant's* gas with other gas in the *transmission system*.
- (k) Each *Market Participant* acknowledges and accepts that the gas delivered to it at a *system withdrawal point* may not match the specifications of the gas injected, or tendered for injection, into the *transmission system* by that *Market Participant* at a *system injection point*.

## 3.2 DETERMINATION OF MARKET PRICE

### 3.2.1 Determination of market price

- (a) The *market price* for each *trading interval* and each *pricing zone* is to be determined by *VENCorp* in accordance with this clause 3.2.
- (b) After the end of each *gas day*, *VENCorp* must produce a *pricing schedule* in accordance with clause 3.2.1(e) for the purpose of determining the *market price* for each *pricing zone* and each *trading interval* for that *gas day*.
- (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)) in respect of that *gas day*;
  - (3) the actual quantities of gas injected into the *transmission system* in respect of that *gas day*;

Sub-clauses 3.2.1(c)(4), 3.2.1(c)(5) and, 3.2.1(c)(6) deleted by notice in the Government Gazette dated 28 February 2002.

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

- (d) For the purpose of clause 3.2.1(c), the “actual market demand” means, in respect of each hour of the *gas day*, the sum of:
  - (1) the total quantity of gas withdrawn from the *transmission system* in that hour of the *gas day* as determined in accordance with clause 4.4 less the total quantity of gas withdrawn in that hour of the *gas day* at a *delivery point* in respect of which accreditation has been given by *VENCorp* under clause 3.1.6 and in respect of which a *withdrawal inc/dec offer* has been submitted; plus
  - (2) the maximum quantity of gas withdrawals specified (whether or not such gas is actually withdrawn) in valid *withdrawal inc/dec offers* submitted in respect of that hour of the *gas day* by *Market Participants* who are accredited by *VENCorp* under clause 3.1.6; plus
  - (3) the amount (which amount may be less than zero) by which the total quantity of gas injected into the *transmission system* in that hour of the *gas day* determined in accordance with clause 4.4 is less than the total quantity of gas *scheduled* to be injected into the *transmission system* in accordance with *scheduling instructions* issued by *VENCorp*; plus
  - (4) the security margin for that *gas day* as determined in accordance with 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* 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 storage of gas in the *transmission system* during that *gas day*.

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

Sub-clauses 3.2.1(f)(3) and 3.2.1(f)(4) deleted by notice in the Government Gazette dated 28 February 2002.

- (g) *VENCorp* must *publish* the *market price* in accordance with clause 5.1.4(e).
- (h) For the avoidance of doubt, the *market price* as determined and published by *VENCorp* in accordance with these Rules is *GST*-exclusive, that is, not including amounts in respect of *GST*. Amounts payable under these Rules will, however, be subject to the addition of *GST*, where applicable, under clause 3.8.

### 3.2.2 Pricing in the event of force majeure event or suspension of the market

- (a) Subject to clause 3.2.2(c), in the event of a *force majeure event* or if *VENCorp* has suspended the *market* under clause 6.7.3, *VENCorp* must, if and to the extent that *VENCorp* considers it reasonably possible to do so, use:
  - (1) the *gas scheduling procedures*; and
  - (2) the *pricing schedule*,to determine the *market price* in each *pricing zone* and for each *trading interval* during which that *force majeure event* or suspension continues.
- (b) If *VENCorp* reasonably considers that it is unable to properly determine the *market price* under clause 3.2.2(a), *VENCorp* must, subject to clause 3.2.2(c), determine the *market price* for that *trading interval* and *pricing zone* using any other available knowledge and information that *VENCorp* considers to be relevant and reasonable, including but not limited to any forecast prices most recently *published* under clause 5.1.4 in relation to that *trading interval*.
- (c) If *VENCorp* determines the *market price* under clause 3.2.2(a) or (b):
  - (1) it must do so in accordance with this clause 3.2, if and to the extent that *VENCorp* considers it reasonably possible to do so; and
  - (2) the *market price* must not exceed the *administered price cap*.

### 3.2.3 Failure of scheduling software/systems

- (a) Subject to clause 3.2.3(c), if:
  - (1) there is no *force majeure event* and/or the *market* has not been suspended in a *trading interval* and a *pricing zone*; and

- (2) *VENCorp* is unable to determine the *market price* in respect of that *trading interval* and *pricing zone* in accordance with this clause 3.2 as a result of a failure of *scheduling* software or systems or for any other reason,

*VENCorp* must, if and to the extent *VENCorp* considers it reasonably possible to do so, use:

- (3) the *gas scheduling procedures*; and
- (4) the *pricing schedule*,

to determine the *market price* for that *trading interval* and that *pricing zone* in respect of which *VENCorp* is unable to determine the *market price* in accordance with this clause 3.2.

- (b) If *VENCorp* reasonably considers that it is unable to properly determine the *market price* under clause 3.2.3(a) for a *trading interval* and *pricing zone* during which *VENCorp* is otherwise unable to determine the *market price* in accordance with this clause 3.2, *VENCorp* must, subject to clause 3.2.3(c), determine the *market price* for that *trading interval* and *pricing zone* using any other available knowledge and information that *VENCorp* considers to be relevant and reasonable, including but not limited to any forecast prices most recently *published* under clause 5.1.4 in relation to that *trading interval*.
- (c) If *VENCorp* determines the *market price* under clause 3.2.3(a) or (b),
  - (1) it must do so in accordance with this clause 3.2, if and to the extent that *VENCorp* considers it reasonably possible to do so; and
  - (2) the *market price* must not exceed the *administered price cap*.

### 3.2.4 VoLL

- (a) If hourly injections and withdrawals of gas as determined under clause 3.2.1(f)(2) imply that *curtailment* would have occurred in a *pricing zone* in a *trading interval* (whether or not *curtailment* actually occurs) the *market price* for that *pricing zone* and that *trading interval* is *VoLL*.
- (b) Subject to clause 3.2.4(e), the value of *VoLL* is \$800/GJ.

Clause 3.2.4(c) deleted by notice in the Government Gazette dated 28 February 2002.

- (d) *VENCorp* must undertake a review of *VoLL* in accordance with this clause 3.2.4 at intervals not exceeding five years from the last review in accordance with this clause 3.2.4.
- (e) If *VENCorp* determines that the value of *VoLL* should be changed as a result of the reviews referred to in clause 3.2.4(d), *VENCorp* must propose that the value of *VoLL* be changed in accordance with the rule change procedures in chapter 8.
- (f) Any change to the value of *VoLL* must take effect within six months of the date on which the notice of the change is *published* in accordance with clause 8.8(b).

Clause 3.2.5 deleted by notice in the Government Gazette dated 28 February 2002.

### 3.3 PARTICIPANT COMPENSATION FUND

#### 3.3.1 Establishment of the participant compensation fund

*VENCorp* must establish and maintain a fund to be called the *participant compensation fund* for the purpose of paying compensation to *Market Participants* for *scheduling errors* as determined by the *dispute resolution panel*.

#### 3.3.2 Funding the participant compensation fund

- (a) Each year *VENCorp* must collect from each *Market Participant*, and each *Market Participant* must pay to *VENCorp*, an amount calculated in accordance with clause 3.3.2(d).
- (b) Subject to clause 3.3.2(c), the funding requirement for the *participant compensation fund* for each *financial year* until 30 June 2001 is the lesser of:
  - (1) \$500,000; and
  - (2) \$1,000,000 minus the amount which *VENCorp* reasonably considers will be the balance of the *participant compensation fund* at the end of the relevant *financial year*.
- (c) The amount of the funding requirement referred to in clause 3.3.2(b) may be varied from time to time by *VENCorp* in consultation with *Market Participants* and with the prior written consent of the *Regulator*.

Sub-clause 3.3.2(c)(2) deleted by notice in the Government Gazette dated 28 February 2002.

- (d) *VENCorp* must, no later than the date of issue of the first preliminary *settlement statement* in each *financial year* calculate a contribution rate for contributions to the *participant compensation fund* which is to apply for that *financial year* by dividing the funding requirement determined in accordance with clause 3.3.2(b) by *VENCorp's* reasonable forecast of the aggregate quantity of gas which it expects all *Market Participants* will withdraw from the *transmission system* for the relevant *financial year*.
- (e) *VENCorp* must, no later than the date of issue of the first preliminary *settlement statement* in each *financial year*, *publish* the funding requirement determined in accordance with clause 3.3.2(b), the contribution rate determined in accordance with clause 3.3.2(d), and the basis on which that funding requirement and that contribution rate have been determined.
- (f) Each *Market Participant* must pay as part of the *settlement amount* payable by that *Market Participant* in respect of each *settlement period*, an amount calculated by multiplying the contribution rate determined in accordance with clause 3.3.2(d) by the aggregate quantity of gas withdrawn from the *transmission system* by that *Market Participant* during the relevant *settlement period* as determined in accordance with clause 4.4.
- (g) The component of the *settlement amount* payable by a *Market Participant* in respect of the *participant compensation fund* must be paid into the *participant compensation fund*.
- (h) *Participants* will not be entitled to a refund of any contributions made to the *participant compensation fund*.
- (i) The *participant compensation fund* is to be maintained by *VENCorp* and is the property of *VENCorp*.

- (j) Any interest paid on money held in the *participant compensation fund* will accrue to and form part of the *participant compensation fund*.
- (k) *VENCorp* will pay from the *participant compensation fund*:
  - (1) all income tax on interest earned by the *participant compensation fund*;
  - (2) all bank account debit tax, financial institutions duty and bank fees in relation to the *participant compensation fund*; and
  - (3) compensation to *Market Participants* in accordance with clause 3.3.3.

### **3.3.3 Dispute Resolution Panel to determine compensation**

If a *scheduling error* has occurred, the *dispute resolution panel* must determine, subject to clause 3.3.4:

- (a) which *Market Participants* are to receive compensation from the *participant compensation fund* in respect of that *scheduling error*; and
- (b) the amount of compensation each *Market Participant* is to receive.

### **3.3.4 Compensation limited**

The aggregate amount of compensation paid each year from the *participant compensation fund* must not exceed the balance of the *participant compensation fund* that would have been available at the end of that year had no compensation payments been made that year and therefore the *dispute resolution panel* must, when making a determination, take into account:

- (a) the balance of the *participant compensation fund* at the time the determination is being made; and
- (b) the possibility that further compensation payments will be required to be made during that year.

### **3.3.5 Manner and timing of compensation payments**

The manner and timing of payments from the *participant compensation fund* will be determined by the *dispute resolution panel*.

### **3.3.6 *VENCorp* and its officers not liable**

Neither *VENCorp* nor its officers are liable in respect of a *scheduling error*, except out of the *participant compensation fund* as contemplated under this clause 3.3.

Clause 3.4 deleted by notice in the Government Gazette dated 28 February 2002.

### 3.5 ALLOCATION AND RECONCILIATION

#### 3.5.1 Daily quantities

For the purposes of these Rules, including determining:

- (a) *trading imbalances* under clause 3.6.4; and
- (b) *market fees* under clause 2.6,

the quantity of gas treated as injected into and withdrawn from the *transmission system* by each *Market Participant* each *gas day* shall be determined in accordance with this clause 3.5.

#### 3.5.2 Injection allocations

- (a) Where gas is injected, or tendered for injection, at a *system injection point* by more than one *Market Participant*, the *Market Participants* who inject gas, or tender gas for injection, at that *system injection point* must together appoint a single *Allocation Agent* to determine the quantity of gas which is to be treated as injected into the *transmission system* by each of those *Market Participants* from time to time at that *system injection point*.
- (b) Unless otherwise agreed by *VENCorp*, a *Market Participant* must not submit *nominations* or *inc/dec offers* in respect of a *system injection point* to which clause 3.5.2(a) applies or inject, or tender for injection, gas at a *system injection point* to which clause 3.5.2(a) applies unless:
  - (1) that *Market Participant* has appointed the *Allocation Agent* for that *system injection point* for the purpose described in clause 3.5.2(a); and
  - (2) the *Allocation Agent* for that *system injection point* has confirmed to *VENCorp* that it has been appointed by that *Market Participant* for the purpose described in clause 3.5.2(a),

provided that, notwithstanding any other provision of this clause 3.5, if an *Allocation Agent* has not been appointed by a *Market Participant* for a *system injection point* or such an *Allocation Agent* has ceased to act in respect of that *system injection point* for any reason whatsoever, *VENCorp* may, with the approval of the *Regulator*, appoint an *Allocation Agent* for that *system injection point* and such an appointment shall be deemed to be that of that *Market Participant*.

- (c) Only one *Allocation Agent* shall be appointed for each *system injection point*.
- (d) Each *Market Participant* must immediately notify *VENCorp* if an *Allocation Agent* ceases to be appointed by it in relation to any *system injection point*.
- (e) Each *Market Participant* who appoints an *Allocation Agent* must for the term of that appointment ensure that such *Allocation Agent* complies with the provisions of this clause 3.5.
- (f) If an *Allocation Agent* does not comply with the provisions of this clause 3.5, *VENCorp* is not required to have regard to any *injection allocation statement* submitted by that *Allocation Agent* and clause 3.5.2(m) will apply for the purpose of *allocation*.
- (g) Each *Allocation Agent* must, in respect of each *system injection point* in relation to which it has been appointed, give to *VENCorp*, not later than the third day after each *gas day* or such later time as *VENCorp* may agree with that *Allocation Agent*, a statement in respect of that *gas day* specifying:
  - (1) the identity of the *system injection point*;
  - (2) the *gas day* to which the statement relates;

- (3) the identity of each *Market Participant* which injected gas into the *transmission system* at that *system injection point* on that *gas day*;
  - (4) the total quantity of gas injected into the *transmission system* at that *system injection point* during each *trading interval* on that *gas day*; and
  - (5) the quantity of gas which is to be treated as injected by each *Market Participant* into the *transmission system* at that *system injection point* on each *trading interval* during that *gas day*.
- (h) The total quantity of gas *allocated* by each *Allocation Agent* in respect of a *trading interval* at a *system injection point* must equal the total quantity of gas injected into the *transmission system* during that *trading interval* at that *system injection point* (determined in accordance with clause 4.4).
- (i) Where an *injection allocation statement* has been submitted by an *Allocation Agent* which specifies a *Market Participant* as having injected a quantity of gas into the *transmission system* at a *system injection point* on a *gas day*, that *Market Participant* may submit to *VENCorp*, not later than the third day after that *gas day* or such later time as *VENCorp* may agree with that *Market Participant*, a *sub-allocation statement* specifying:
- (1) that such quantity is to be treated as having been injected into the *transmission system* at that *system injection point* by one or more *Market Participants* (who may include the *Market Participant* specified in the *injection allocation statement*);
  - (2) the identity of those *Market Participants*;
  - (3) the *gas day* to which the statement relates; and
  - (4) the quantity which is to be treated as having been injected by each of those *Market Participants*.
- (j) *VENCorp* is not required to have regard to any *sub-allocation statement* unless each *Market Participant* identified in that *sub-allocation statement* has confirmed in writing to *VENCorp* that it has appointed the *Sub-allocation Agent* for the relevant *system injection point* for the purposes of clause 3.5.2(i).
- (k) *VENCorp* is entitled to rely on any *injection allocation statement* or *sub-allocation statement* which has been submitted by an *Allocation Agent* or a *Sub-allocation Agent* for the purposes of determining the quantities of gas treated as injected into the *transmission system* by all *Market Participants* who have appointed that *Allocation Agent* or *Sub-allocation Agent*.
- (l) If:
- (1) an *Allocation Agent* has not been appointed in respect of a *system injection point*; or
  - (2) *VENCorp* is notified by a *Market Participant* that the appointment of an *Allocation Agent* in respect of a *system injection point* has been terminated by that or any other *Market Participant*,

*VENCorp* must determine the quantities of gas which are to be treated as injected by *Market Participants* at that *system injection point* in accordance with clause 3.5.2(m) and, in the case of paragraph (2) of this clause 3.5.2(l), must disregard any *injection allocation statement* subsequently given by that *Allocation Agent* in respect of that *system injection point*.

- (m) If clauses 3.5.2(f) or (l) apply, *VENCorp* must determine the quantity of gas which is to be treated as having been injected by each *Market Participant* at the relevant *system injection point* in accordance with the following formula:

$$Q = MQ \times \frac{SQ_i}{\sum SQ_j}$$

Where:

**Q** is the quantity of gas which is to be treated as having been injected by that *Market Participant* at that *system injection point* in a *trading interval*;

**MQ** is the actual quantity of gas injected into the *transmission system* at that *system injection point* in that *trading interval*;

**SQ<sub>i</sub>** is the quantity of gas *scheduled* by *VENCorp* for injection by that *Market Participant* at that *system injection point* in that *trading interval*; and

**ΣSQ<sub>j</sub>** is the total quantity of gas *scheduled* by *VENCorp* for injection by all *Market Participants* at that *system injection point* in that *trading interval*,

provided that *VENCorp* may, with the approval of the *Regulator* and on prior notice given to any affected *Market Participant*, vary the above formula, or use a different formula, in any case where it is established that the application of the above formula, in all the circumstances, affords undue preference to that *Market Participant* and undue prejudice to other *Market Participants* and in exercising its discretion under this proviso, *VENCorp* may, with the approval of the *Regulator*, have regard to title to gas.

- (ma) Where *VENCorp* has acted in accordance with clause 3.5.2(m) then *VENCorp* may recover reasonable costs incurred in applying that clause from those *Market Participants* to which the application has applied and those *Market Participants* must pay *VENCorp* those costs.
- (n) An *Allocation Agent* may be appointed to act in relation to more than one *system injection point* and may also be appointed to act in relation to one or more *system withdrawal points*.

### 3.5.3 Withdrawal allocations

- (a) Where gas is withdrawn, or tendered for withdrawal, at a *delivery point* by more than one *Market Participant* and there are insufficient *metering installations* installed to enable *VENCorp* to determine the quantity of gas withdrawn at that *delivery point* by each *Market Participant*, the *Market Participants* who withdraw gas, or tender gas for withdrawal, at that *delivery point* must together appoint a single *Allocation Agent* to determine the quantity of gas which is to be treated as withdrawn from the *transmission system* or distribution system by each of those *Market Participants* from time to time at that *delivery point*.
- (b) Unless otherwise agreed by *VENCorp*, a *Market Participant* must not submit *nominations* or *inc/dec offers* in respect of a *delivery point* to which clause 3.5.3(a) applies or withdraw, or tender for withdrawal, gas at a *delivery point* to which clause 3.5.3(a) applies unless:
  - (1) that *Market Participant* has appointed the *Allocation Agent* for that *delivery point* for the purpose described in clause 3.5.3(a); and
  - (2) the *Allocation Agent* for that *delivery point* has confirmed to *VENCorp* that it has been appointed by that *Market Participant* for the purpose described in clause 3.5.3(a).
- (c) Only one *Allocation Agent* shall be appointed for each *delivery point* to which clause 3.5.3(a) applies.
- (d) Each *Market Participant* must immediately notify *VENCorp* if an *Allocation Agent* ceases to be appointed by it in relation to any *delivery point* to which clause 3.5.3(a) applies.
- (e) Each *Market Participant* who appoints an *Allocation Agent* must ensure for the term of the appointment that such *Allocation Agent* complies with the provisions of this clause 3.5.

- (f) If an *Allocation Agent* does not comply with the provisions of this clause 3.5, *VENCorp* is not required to have regard to any *withdrawal allocation statement* submitted by that *Allocation Agent* and clause 3.5.3(m) will apply for the purpose of determining *allocations*.
- (g) Each *Allocation Agent* must, in respect of each *delivery point* in respect of which it has been appointed, give to *VENCorp*, not later than 5:00 p.m. on the third calendar day after each *gas day* or such later time as *VENCorp* may agree with that *Allocation Agent*, a statement in respect of that *gas day* specifying:
  - (1) the identity of the *delivery point*;
  - (2) the *gas day* to which the statement relates;
  - (3) the identity of each *Market Participant* which withdraws gas from the *transmission system* at that *delivery point* on that *gas day*;
  - (4) the total quantity of gas withdrawn from the *transmission system* at that *delivery point* during each *trading interval* on that *gas day*; and
  - (5) the quantity of gas which is to be treated as withdrawn by each *Market Participant* from the *transmission system* at that *delivery point* on each *trading interval* during that *gas day*.
- (h) The total quantity of gas *allocated* by each *Allocation Agent* in respect of a *trading interval* at a *delivery point* to which clause 3.5.3(a) applies must equal the total quantity of gas withdrawn from the *transmission system* or distribution system during that *trading interval* at that *delivery point* (determined in accordance with clause 4.4).
- (i) Where a *withdrawal allocation statement* has been submitted by an *Allocation Agent* which specifies a *Market Participant* as having withdrawn a quantity of gas from the *transmission system* at a *delivery point* to which clause 3.5.3(a) applies on a *gas day*, that *Market Participant* may submit to *VENCorp*, not later than 5:00 p.m. on the third calendar day after each *gas day* or such later time as *VENCorp* may agree with that *Market Participant*, a *sub-allocation statement* specifying:
  - (1) that such quantity is to be treated as having been withdrawn from the *transmission system* at that *delivery point* by one or more *Market Participants* (who may include the *Market Participant* specified in the *withdrawal allocation statement*);
  - (2) the identity of those *Market Participants*;
  - (3) the *gas day* to which the statement relates; and
  - (4) the proportion of such quantity which is to be treated as having been withdrawn by each of those *Market Participants*.
- (j) *VENCorp* is not required to have regard to any *sub-allocation statement* unless each *Market Participant* identified in that *sub-allocation statement* has confirmed in writing to *VENCorp* that it has appointed the *Sub-allocation Agent* for the relevant *delivery point* for the purposes of clause 3.5.3(i).
- (k) *VENCorp* is entitled to rely on any *withdrawal allocation statement* or *sub-allocation statement* which has been submitted by an *Allocation Agent* or a *Sub-allocation Agent* for the purposes of determining the quantities of gas treated as withdrawn from the *transmission system* by all *Market Participants* who have appointed that *Allocation Agent* or *Sub-allocation Agent*.
- (l) If, in relation to a *delivery point* to which clause 3.5.3(a) applies:
  - (1) an *Allocation Agent* has not been appointed in respect of that *delivery point*; or

- (2) *VENCorp* is notified by a *Market Participant* that the appointment of an *Allocation Agent* in respect of that *delivery point* has been terminated by that or any other *Market Participant*,

*VENCorp* must determine the quantities of gas which are to be treated as withdrawn by *Market Participants* at that *delivery point* in accordance with clause 3.5.3(m) and, in the case of paragraph (2) of this clause 3.5.3(l), must disregard any *withdrawal allocation statement* subsequently given by that *Allocation Agent* in respect of that *delivery point*.

- (m) If clauses 3.5.3(f) or (l) apply, then the quantity of gas which is to be treated for *settlement* purposes as having been withdrawn by each *Market Participant* at the relevant *delivery point* shall be that quantity reasonably determined by *VENCorp* using the information available to it at the time and following consultation with the affected *Market Participants*.
- (ma) Where *VENCorp* has acted in accordance with clause 3.5.3(m) then *VENCorp* may recover reasonable costs incurred in applying that clause from those *Market Participants* to which the application has applied and those *Market Participants* must pay *VENCorp* those costs.
- (n) An *Allocation Agent* may be appointed to act in relation to more than one *delivery point*.

Clauses 3.5.4 and 3.5.5 deleted by notice in the Government Gazette dated 24 October 2002.

## 3.6 SETTLEMENTS

### 3.6.1 Settlements management by VENCORP

- (a) VENCORP must determine *market fees* payable by *Market Participants* and facilitate the billing and *settlement* of transactions between *Market Participants* under these Rules in accordance with this clause 3.6.
- (b) *Market Participants* must pay *market fees* to VENCORP in accordance with clause 2.6.

### 3.6.2 Electronic funds transfer

- (a) VENCORP must ensure that an *EFT facility* is provided and made available for all *Market Participants* for the purposes of facilitating *settlements* and the collection and payment of all *market fees*.
- (b) Unless otherwise authorised by VENCORP, all *Market Participants* must use the *EFT facility* provided by VENCORP under clause 3.6.2(a) for the *settlement* of transactions and the payment of *market fees*.

### 3.6.3 Trading amounts for trading intervals

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

### 3.6.4 Trading imbalances

- (a) The *trading imbalance* of a *Market Participant* in a *trading interval* shall be determined, in GJ, as the difference between its aggregate injections of gas at all *system injection points* in that *trading interval* and its aggregate *adjusted withdrawals* of gas, as determined in accordance with clauses 3.6.4(b), (c), (d) and (da) in that *trading interval*.
- (b) For the purpose of determining each *Market Participant's trading imbalance* in a *trading interval*, VENCORP must make an adjustment to the total quantity of gas (if any) withdrawn

by that *Market Participant* from the *transmission system* in that *trading interval* to account for unaccounted for gas in accordance with the following formula:

$$AW = MW / (1 - UAFG_T)$$

Where:

**AW** is the adjusted quantity of gas which is to be treated as having been withdrawn by that *Market Participant* from the *transmission system* in that *trading interval*;

**MW** is the quantity of gas withdrawn by that *Market Participant* from the *transmission system* in that *trading interval*; and

**UAFG<sub>T</sub>** is 0.0.

- (c) For the purpose of determining each *Market Participant's trading imbalance* in a *trading interval*, *VENCorp* must make an adjustment to the total quantity of gas (if any) withdrawn by that *Market Participant* from a *distribution delivery point* in that *trading interval* to account for unaccounted for gas in accordance with the following formula:

$$AW = MW / \{(1 - UAFG_D) \times (1 - UAFG_T)\}$$

Where:

**AW** is the adjusted quantity of gas which is to be treated as having been withdrawn by that *Market Participant* from that *distribution delivery point* in that *trading interval*;

**MW** is the quantity of gas withdrawn by that *Market Participant* from that *distribution delivery point* in that *trading interval*;

**UAFG<sub>D</sub>** is the relevant value assigned to:

- (1) the *Distributor* on whose *distribution pipeline* the *distribution delivery point* is located; and
- (2) the quantity of gas withdrawn by that *Market Participant* at that *distribution delivery point*,

in accordance with Part C of Schedule 1 of the *Distribution System Code*; and

**UAFG<sub>T</sub>** is 0.0.

- (d) A *Market Participant's adjusted withdrawals* at a *system withdrawal point* are to be determined:

(1a) subject to clauses 3.6.4(d)(1) and 3.6.4(d)(2), at that *system withdrawal point* as the metered quantity of gas withdrawn, adjusted in accordance with clause 3.6.4(b);

(1) at a *system withdrawal point* at which an *Allocation Agent* has been appointed in accordance with clause 3.5.3(a), as the quantity of gas allocated to that *Market Participant* at that *system withdrawal point* in accordance with clause 3.5.3, adjusted in accordance with clause 3.6.4(b);

(2) at a *system withdrawal point* at which an *Allocation Agent* should have been appointed under clause 3.5.3(a) but has not been appointed, as the quantity of gas determined in accordance with clause 3.5.3(m), adjusted in accordance with clause 3.6.4(b).

Clauses 3.6.4(d)(3) deleted by notice in the Government Gazette dated 24 October 2002.

- (da) A *Market Participant's adjusted withdrawals* at a *distribution delivery point* are:
- (1) at that *distribution delivery point*, subject to clauses 3.6.4(da)(2) and 3.6.4(da)(3), determined as:
    - (A) the metered quantity of gas withdrawn at that point; or
    - (B) the data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules* for that point, adjusted in accordance with clause 3.6.4(c);
  - (2) at a *distribution delivery point* at which an *Allocation Agent* has been appointed in accordance with clause 3.5.3(a), determined as the quantity of gas allocated to that *Market Participant* at that *distribution delivery point* in accordance with clause 3.5.3, adjusted in accordance with clause 3.6.4(c); and
  - (3) at a *distribution delivery point* at which an *Allocation Agent* should have been appointed under clause 3.5.3(a) but has not been appointed, determined as the quantity of gas determined in accordance with clause 3.5.3(m), adjusted in accordance with clause 3.6.4(c).
- (e) A *Market Participant's aggregate adjusted withdrawals* in a *trading interval* are determined as:

$$\Sigma AW = \Sigma AW_T + \Sigma AW_D$$

Where:

- $\Sigma AW$  is the aggregate of all that *Market Participant's adjusted withdrawals* in that *trading interval*;
- $\Sigma AW_T$  is the sum of all that *Market Participants' adjusted withdrawals* at *system withdrawal points* in that *trading interval*; and
- $\Sigma AW_D$  is the sum of all that *Market Participant's adjusted withdrawals* in that *trading interval* at *distribution delivery points* supplied from *system withdrawal points* other than those for which quantities have been included in  $\Sigma AW_T$ .

### 3.6.5 Settlement amounts for billing periods

- (a) *VENCorp* must determine the *settlement amount* for each *Market Participant* for each *billing period* in accordance with clause 3.6.5(b).
- (b) The *settlement amount* for a *Market Participant* for a *billing period* equals the sum of:
  - (1) the sum of that *Market Participant's trading amounts* for each *trading interval* in that *billing period*; plus

Clauses 3.6.5(b)(2) and (3) deleted by notice in the Government Gazette dated 24 October 2002.

- (4) the aggregate of:
  - (A) any *market fees* which that *Market Participant* is required to pay in respect of that *billing period* calculated in accordance with clause 2.6; and

- (B) any *participant compensation fund* contribution which that *Market Participant* is required to make in accordance with clause 3.3; and
- (C) any amount which that *Market Participant* is required to pay to *VENCorp* in respect of compensation payments in accordance with clause 3.6.6; plus
- (5) if *VENCorp* has completed its determination of *ancillary payments* and consequential associated *uplift payments* arising from a *trading interval*:
  - (A) the amount of any *ancillary payments* determined to be payable to that *Market Participant* in accordance with clause 3.6.7 in respect of that *trading interval* and not previously taken into account in determining the *settlement amount* for a *billing period* in respect of that *Market Participant*, minus
  - (B) the amount of any *uplift payments* determined to be payable by that *Market Participant* in accordance with clause 3.6.8 in respect of that *trading interval* and not previously taken into account in determining the *settlement amount* for a *billing period* in respect of that *Market Participant*, minus
- (6) any other amounts payable by that *Market Participant* to *VENCorp* in respect of that *billing period*; plus
- (7) any amount payable by *VENCorp* to that *Market Participant* in respect of any *linepack account* surplus in accordance with clause 3.6.12(c); minus
- (8) any amount payable by that *Market Participant* to *VENCorp* in respect of any *linepack account* deficit in accordance with clause 3.6.12(b); plus
- (9) any other amount payable by *VENCorp* to that *Market Participant* in respect of that *billing period*; plus
- (10) any amount payable by that *Market Participant* to *VENCorp* in accordance with the provisions of the *Retail Gas Market Rules*.
- (c) The *settlement amount* determined by *VENCorp* pursuant to clause 3.6.5(b) for each *Market Participant* will be a positive or negative dollar amount.
- (d) Each component of the *settlement amount* determined by *VENCorp* pursuant to clause 3.6.5(b) for each *Market Participant* is subject to the application of *GST*, where applicable, under clause 3.8.

**3.6.6 Funding compensation payments and payments for gas supplied to *VENCorp* under contract**

- (a) If compensation is to be paid to a *Market Participant* in accordance with clause 6.6.5 or 6.7.6, or amounts are payable to *VENCorp* in accordance with clause 6.5.2(e) or 6.5.3(e), then *VENCorp* is entitled to recover those payments from *Participants* in accordance with this clause 3.6.6 and each *Market Participant* and *Transmission Pipeline Owner* must pay to *VENCorp* an amount determined in accordance with this clause 3.6.6.
  - (b) If:
    - (1) *VENCorp* has instructed a *Market Participant* to inject gas in accordance with clause 6.6.4, or
    - (2) *VENCorp* has entered into a contract with a person and instructed that person to inject gas in an *emergency* in accordance with clause 6.5.2(c)
- and

- (3) that *Market Participant* or person is entitled to be paid compensation in accordance with clause 6.6.5 or 6.7.6, or amounts are payable to *VENCorp* in accordance with clause 6.5.2(e), and
- (4) as a result of that injection or withdrawal, as the case may be, there is a net increase in the quantity of system linepack over a *trading interval* greater than that scheduled by *VENCorp* for that *trading interval*

then *VENCorp* shall be entitled to be paid from the *linepack account* an amount calculated as:

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

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

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

Where:

**R<sub>LA</sub>** is the amount in \$ of the payment to be paid to *VENCorp* from the *linepack account*;

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

**Q<sub>LA</sub>** is the actual total amount in GJ of system linepack increase for that *trading interval*;

**Q<sub>LS</sub>** is the total amount in GJ of system linepack increase last scheduled by *VENCorp* for that *trading interval*; and

**Q<sub>AG</sub>** is the sum of the amounts in GJ of actual additional gas injected by all *Market Participants* during that *trading interval* as a consequence of *VENCorp*'s instructions made in accordance with clauses 6.5.2 or 6.6.4.

(ba) If the amount calculated in accordance with clause 3.6.6(b) is insufficient to satisfy the total amount:

- (1) of compensation payable by *VENCorp* to a *Market Participant* entitled to be paid under clause 6.6.5, or
- (2) payable to *VENCorp* as a result of a contract entered into by *VENCorp* in accordance with clauses 6.5.2 or 6.5.3,

then *VENCorp* shall be entitled to recover the outstanding balance of that payment from *Participants* in accordance with clauses 3.6.6(bb) and 3.6.6(bc).

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

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

Where

- R<sub>CP</sub>** is the amount payable in \$ by a *Market Participant* to *VENCorp* in respect of that *trading interval*;
- R<sub>UL</sub>** is the total amount in \$ to be recovered by *VENCorp* under clause 3.6.6(ba) for that *trading interval*;
- U** is the total amount in \$ of *uplift payment* to be paid to *VENCorp* by that *Participant* for that *trading interval*;
- ΣU** is the aggregate amount of *uplift payment* in \$ to be paid to *VENCorp* by all *Participants* for that *trading interval*.

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

$$R_{AP} = \frac{CP_A \times N}{\Sigma N}$$

where

- R<sub>AP</sub>** is the amount payable in \$ by a *Market Participant* to *VENCorp* in respect of that *trading interval*;
- CP<sub>A</sub>** is the total amount in \$ to be recovered by *VENCorp* from all *Market Participants* under clause 6.7.6 or after the application of 3.6.6(bb), as the case may be, in that *trading interval*;
- N** is the *negative trading imbalance* in GJ of that *Market Participant* in that *trading interval*; and
- ΣN** is the sum of *negative trading imbalances* in GJ of all *Market Participants* in that *trading interval*.

(c) If *VENCorp* determines that an amount is payable by the *Market Participant* under this clause 3.6.6 then *VENCorp* must seek the direction the Board of Directors of *VENCorp* as to the manner by which that amount is to be paid to *VENCorp* by that *Market Participant*. *VENCorp* must seek that direction at the next meeting of the Board for which submissions are still being received. The Board may determine that the payment be paid in instalments or deferred for a specified period of time.

(ca) If the Board of Directors of *VENCorp* under clause 3.6.6(c):

- (1) (A) fails to make a determination at the Board meeting to which *VENCorp* has made a submission, or
- (B) determines not to defer the amount payable, and
- (C) determines not to allow the payment of the amount payable by instalment, then *VENCorp* must include the whole of the amount payable in the next preliminary statement issued to that *Market Participant* in accordance with clause 3.6.14 following the Board of Directors meeting.
- (2) determines that:
  - (A) the amount payable shall be paid in instalments, or
  - (B) the payment of the amount payable shall be deferred for a specified period of time

then *VENCorp* must include in the next preliminary statement to a *Market Participant* issued in accordance with clause 3.6.14 following the Board of

Directors determination, the details of the total amount to be paid by that *Market Participant*, the instalment amounts to be paid and the dates by which each instalment is to be paid or the deferred date by which the whole amount is to be paid, as the case may be.

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

### 3.6.7 Ancillary payments

- (a) (1) Subject to clauses 3.6.7(a)(2), (3) and (4), any *Market Participant* who, as a result of responding in whole or in part to a *scheduling instruction*, injects or withdraws more gas than the quantity of gas that that *Market Participant* was scheduled to inject or withdraw under the *pricing schedule*, is entitled to receive an *ancillary payment* in accordance with this clause 3.6.7.
- (2) A *Market Participant* who submits any *withdrawal inc/dec offer* that is not accredited by *VENCorp* under clause 3.1.6 is not entitled to be paid *ancillary payments* in respect of that *withdrawal inc/dec offer*.
- (3) If the *administered price cap* applies during a *trading interval*, then for the purposes of determining *ancillary payments* payable by a *Market Participant* under this clause 3.6.7 any injection or withdrawal of gas by that *Market Participant* is deemed to be made in accordance with an *inc/dec offer* for which the *price steps* are deemed to be no greater than the *administered price cap*.
- (4) For the avoidance of doubt, if a *Market Participant* is instructed by *VENCorp* to inject or withdraw a quantity of gas which is less than the amount of gas specified for injection or withdrawal (as the case may be) by that *Market Participant* in the pricing schedule, that *Market Participant* is not entitled to be paid *ancillary payments* for that amount.
- (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(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*.

(B) where **UH** is less than or equal to 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<sup>P</sup> - IS<sup>A</sup>**

where

**IS<sup>P</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 gas to be injected by that *Market Participant* in that *trading interval* under the relevant *pricing schedule* applicable to that *trading interval*, 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>** has the meaning given in clause 3.6.7(b)(1)(A);

**UH** has the meaning given in clause 3.6.7(b)(1)(A);

(2) in the case of a *withdrawal inc/dec offer*:

**WS<sup>P</sup> - WS<sup>A</sup>**

where

**WS<sup>P</sup>** means, in respect of a *Market Participant* who withdraws gas, the deemed cost of the quantity of gas scheduled in the relevant *pricing schedule* to be withdrawn by that *Market Participant* in that *trading interval* as implied by the price steps specified in the *Market Participant's inc/dec offer*, less the product of the *market price* for that *trading interval* and the quantity of gas scheduled in the relevant *pricing schedule* to be withdrawn by that *Market Participant* in that *trading interval*; and

**WS<sup>A</sup>** means, in respect of a *Market Participant* who withdraws gas, the deemed cost of the *Market Participant's* actual withdrawals of gas as implied by the price steps specified in that *Market Participant's inc/dec offer*, less the product of the *market price* for that *trading interval* and the quantity of gas actually withdrawn by that *Market Participant* in that *trading interval*.

(c) If in any *trading interval* a *Market Participant's* actual deviation and scheduled deviation are both positive and the *actual deviation* exceeds the *scheduled deviation*, the ancillary payment payable to that *Market Participant* will, subject to 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*:

$$IS^{UH} - IS^S$$

where

**IS<sup>UH</sup>** has the meaning given in clause 3.6.7(b)(1)(A);

**IS<sup>S</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 gas *scheduled* to be injected by that *Market Participant* in that *trading interval* in accordance with the relevant *scheduling instruction* applicable to that *trading interval*, less the deemed cost of those injections as implied by the *price steps* specified in the *Market Participant's inc/dec offer*;

**UH** has the meaning given in clause 3.6.7(b)(1)(A);

- (B) where **UH** is less than or equal to 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*:

$$IS^P - IS^S$$

where

**IS<sup>P</sup>** has the meaning given in clause 3.6.7(b)(1)(A); and

**IS<sup>S</sup>** has the meaning given in clause 3.6.7(c)(1)(A);

**UH** has the meaning given in clause 3.6.7(b)(1)(A);

- (2) in the case of a *withdrawal inc/dec offer*:

$$WS^P - WS^S$$

where

**WS<sup>P</sup>** has the meaning given in clause 3.6.7(b)(2); and

**WS<sup>S</sup>** means, in respect of a *Market Participant* who withdraws gas, the deemed cost of withdrawals of gas by that *Market Participant* in that *trading interval* in accordance with the *scheduling instructions* for that *trading interval* as implied by the prices of the *Market Participant's inc/dec offers*, less the product of the *market price* for that *trading interval* and the quantity of gas *scheduled* to be withdrawn by that *Market Participant* in that *trading interval* in accordance with the relevant *scheduling instruction* applicable in that *trading interval*.

- (d) If a *Market Participant's scheduled deviation* is negative or a *Market Participant's actual deviation* is negative then the *ancillary payment* for that *Market Participant* in respect of the deviation will be zero.

[Clauses 3.6.7(e), (f) and (g): Order in Council, 11 March 1999]

### 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* procedures pursuant to which *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 procedures for determining *uplift payments* 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* 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 with 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 clause 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*.

Clauses (g), (ga) and (gb) deleted by notice in the Government Gazette dated 28 February 2002.

Clause (gc) deleted by notice in the Government Gazette dated 30 May 2002.

Clauses (gd), (h), (i), (j), (k) and (l) deleted by notice in the Government Gazette dated 28 February 2002.

Section 3.6.9 deleted by notice in the Government Gazette dated 28 February 2002.

### 3.6.10 Linepack account

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

$$Q = (I - W - EDL) \times P_M$$

Where:

- Q** is the amount of the *linepack debit* (where Q is a positive amount) or the amount of the *linepack credit* (where Q is a negative amount) in respect of that *gas day*;
- I** is the total quantity of gas injected into the *transmission system* during that *gas day*;

- W** is the total quantity of gas withdrawn from the *transmission system* during that *gas day*;
- EDL** is the aggregate quantity of *EoD linepack* purchased by *Market Participants* in respect of that *gas day* in accordance with clause 3.4.2; and
- P<sub>M</sub>** is the *market price* for that *gas day*.
- (d) The *linepack account* must record both quantities, expressed in joules, and monetary values.

Clauses 3.6.8(g) to 3.6.8(k) inclusive deleted by notice in the Government Gazette dated 28 February 2002.

Clause 3.6.11 deleted by notice in the Government Gazette dated 28 February 2002.

### 3.6.11 Review of linepack account

*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.

### 3.6.12 Linepack payments

- (a) *VENCorp* must clear the balance on the *linepack account* each month by charging or making payments to *Market Participants* in accordance with this clause 3.6.12.
- (b) If the sum of daily *linepack debits* for the relevant month plus the sum of payments made to *VENCorp* in accordance with clause 3.6.6(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 positive amount, each *Market Participant* who withdrew gas from the *transmission system* in that month must pay *VENCorp* an amount calculated as follows:

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

Where:

- PM** is the amount which the *Market Participant* must pay;
- DB** is the sum of daily *linepack debits* for the relevant month plus the sum of payments made to *VENCorp* in accordance with clause 3.6.6(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 3.6.6(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 3.6.6(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 clause 3.6.12 must be included by *VENCorp* in the *Market Participant's settlement statement* for the relevant month.

### 3.6.13 Payment of settlement amount

- (a) Where the *settlement amount* for a *Market Participant* is a negative amount, the *Market Participant* must pay that amount to *VENCorp* in accordance with clause 3.6.16.
- (b) Where the *settlement amount* for a *Market Participant* is a positive amount, *VENCorp* must pay that amount to the *Market Participant* in accordance with clause 3.6.17.

### 3.6.14 Preliminary statements

- (a) Within 7 *business days* after the end of each *billing period*, *VENCorp* must give each *Market Participant* a preliminary statement which sets out the *market transactions* of that *Market Participant* in that *billing period* and the *settlement amount* payable by or to that *Market Participant*.
- (b) The statements issued under this clause 3.6.14 must include supporting data for all amounts payable which must be sufficient to enable each *Market Participant* to audit the calculation of the amount payable by or to that *Market Participant*.
- (c) If the *Market Participant* reasonably believes there to be an error or discrepancy in the preliminary statement given to the *Market Participant* by *VENCorp* under clause 3.6.14(a), the *Market Participant* must notify *VENCorp* as soon as practicable of that error or discrepancy and *VENCorp* must review the preliminary statement.
- (d) If *VENCorp* considers that a preliminary statement contains an error or discrepancy after reviewing the preliminary statement under clause 3.6.14(c), *VENCorp* must notify all *Market Participants* whose *final statements* will be affected by the error or discrepancy within 7 days of the date on which the error or discrepancy first came to the attention of *VENCorp* and *VENCorp* must ensure that the error or discrepancy is corrected in the relevant *final statements*.

### 3.6.15 Final statements

- (a) No later than eighteen *business days* after the end of each *billing period*, *VENCorp* must give to each *Market Participant* a *final statement* stating the amounts payable by the *Participant* to *VENCorp* or payable by *VENCorp* to the *Market Participant* (subject to clause 3.6.22) in respect of the relevant *billing period*.
- (b) The statements issued under this clause 3.6.15 must include supporting data for all amounts payable which must be sufficient to enable each *Market Participant* to audit the calculation of the amount payable by or to that *Market Participant*.

### 3.6.16 Payment by Market Participants

- (a) No later than 2.00pm on the twentieth *business day* after the end of a *billing period* or 2.00pm on the second *business day* after receiving a *final statement* under clause 3.6.15, whichever is the later, each *Market Participant* must pay to *VENCorp* in cleared funds the *settlement amount* stated to be payable to *VENCorp* by that *Market Participant* in that *Market Participant's final statement*, whether or not the *Market Participant* disputes, or continues to dispute, the amount payable.
- (b) Payments made in accordance with clause 3.6.16(a) must be made using bank clearing house arrangements determined by *VENCorp* in consultation with affected *Participants* and published by *VENCorp*.

### 3.6.17 Payment to Market Participants

- (a) By no later than 4.00pm on the day on which *VENCorp* is to be paid under clause 3.6.16, *VENCorp* must pay to each *Market Participant* in cleared funds the *settlement amount* stated to be payable to that *Market Participant* in that *Market Participant's final statement*.
- (b) Payments made in accordance with clause 3.6.17(a) must be made using bank clearing house arrangements determined by *VENCorp* in consultation with affected *Participants* and published by *VENCorp*.

### 3.6.18 Disputes

- (a) Subject to clause 3.6.18(d), if a dispute arises between a *Market Participant* and *VENCorp* concerning either:
  - (1) the *settlement amount* stated in a preliminary statement provided under clause 3.6.14 to be payable by or to it; or
  - (2) the supporting data,they must each use reasonable endeavours to resolve the dispute within fifteen *business days* after the end of the relevant *billing period*.
- (b) Subject to clause 3.6.18(d), disputes in respect of *final statements* or the supporting data provided with them in accordance with clause 3.6.15 must be raised within twelve months of the relevant *billing period*.
- (c) Disputes raised under this clause 3.6.18 must be resolved by agreement or pursuant to the dispute resolution procedures set out in clause 7.2.
- (d) Disputes arising in relation to payments determined under the *Retail Gas Market Rules* shall not be determined under these Rules and must be determined under the dispute provisions of the *Retail Gas Market Rules*.

### 3.6.19 Settlement revisions

- (a) If an amount in a *final statement* issued under clause 3.6.15 has been the subject of a dispute and the dispute has been resolved in any way which causes the amount payable to differ from the amount payable as set out in the *final statement* *VENCorp* must issue to each *Market Participant* affected by the resolution of the dispute a *revised statement* in accordance with clause 3.6.19(d).
- (b) If *VENCorp* becomes aware of an error in an amount stated in a *final statement* issued under clause 3.6.15 and in *VENCorp's* reasonable opinion a *Participant* would be materially affected if a revision to the *final statement* was not made to correct the error, then *VENCorp* must issue *revised statements* for the relevant *billing period* in accordance with clause 3.6.19(d).

- (c) *VENCorp* must revise each *final statement* issued in accordance with clause 3.6.15 using, for the purpose of that revision, the most recent information available to *VENCorp* on the 118<sup>th</sup> *business day* after the relevant *billing period*, and *VENCorp* must issue a *revised statement* for the relevant *billing period* in accordance with clause 3.6.19(d).
- (d) *VENCorp* must issue to each *Market Participant* affected by a revision a *revised statement* for the relevant *billing period* within 5 *business days* of a revision made in accordance with this clause 3.6.19 setting out:
  - (1) the amount payable by the *Market Participant* to *VENCorp* or the amount payable by *VENCorp* to the *Market Participant* (subject to clause 3.6.22); and
  - (2) the adjustment to the *final statement* as agreed or determined plus interest calculated on a daily basis at the *interest rate* for the period from the *payment date* applicable to the *final statement* to which the adjustment relates to the *payment date* applicable to the *revised statement* issued under this clause 3.6.19(a).

### 3.6.20 Payment of adjustments

- (a) *VENCorp* must specify the time and date on which a payment of an adjustment under a *revised statement* issued under clause 3.6.19 is due, which date must be not less than ten *business days* after the issue of that *revised statement*.
- (aa) If the next *final statement* payment date occurs 10 *business days* or more after the issue of a *revised statement* under clause 3.6.19 then *VENCorp* must require payment of the adjustment under that *revised statement* to be made on that next *final statement payment date*.
- (ab) If the next *final statement* payment date occurs less than 10 *business days* after the date of issue of a *revised statement* under clause 3.6.19 then *VENCorp* must require payment of the adjustment under that *revised statement* to be made on the *final statement payment date* following the next *final statement payment date*.
- (b) By no later than the time and date specified by *VENCorp* pursuant to clause 3.6.20(a), each *Market Participant* must pay to *VENCorp* in cleared funds the net amount stated to be payable by that *Market Participant* in the *revised statement* issued to it under clause 3.6.19.
- (c) Subject to clause 3.6.22, on the day on which *VENCorp* is to be paid under clause 3.6.20(b), *VENCorp* must pay to each *Market Participant* in cleared funds the net amount stated to be payable to that *Market Participant* in the *revised statement* issued to it under clause 3.6.19.

### 3.6.21 Payment default procedure

- (a) Each of the following events is a *default event* in relation to a *Market Participant*:
  - (1) the *Market Participant* does not pay any money due for payment by it under these Rules by the appointed time on the due date;
  - (2) *VENCorp* does not receive payment in full of any amount claimed by *VENCorp* under any *credit support* in respect of a *Market Participant*, within ninety minutes after the due time for payment of that claim;
  - (3) the *Market Participant* fails to provide *credit support* required to be supplied under these Rules by the appointed time on the due date;
  - (4) it is or becomes unlawful for the *Market Participant* to comply with any of its obligations under these Rules or any other obligation owed to *VENCorp* or it is claimed to be so by the *Market Participant*;

- (5) it is or becomes unlawful for any *Credit Support Provider* in relation to the *Market Participant* to comply with any of its obligations under these Rules or any other obligation owed to *VENCorp* or it is claimed to be so by that *Credit Support Provider*;
  - (6) an authorisation from a government body necessary to enable the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* to carry on their respective principal businesses or activities ceases to have full force and effect;
  - (7) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* ceases or is likely to cease to carry on its business or a substantial part of its business;
  - (8) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* enters into or takes any action to enter into an arrangement (including a scheme of arrangement), composition or compromise with, or assignment for the benefit of, all or any class of their respective creditors or members, or a moratorium involving any of them;
  - (9) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* states that it is unable to pay from its own money its debts as and when they fall due for payment;
  - (10) a receiver or receiver and manager is appointed in respect of any property of the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant*;
  - (11) an administrator, provisional liquidator, liquidator, trustee in bankruptcy or person having a similar or analogous function is appointed in respect of the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant*, or any action is taken to appoint any such person;
  - (12) an application or order is made for the winding up or dissolution or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant*;
  - (13) a notice under section 572 of the Corporations Law is given to the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* unless such application or order is rejected as being frivolous;
  - (14) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* dies or is dissolved unless such notice of dissolution is discharged; and
  - (15) the *Market Participant* or a *Credit Support Provider* which has provided *credit support* for that *Market Participant* is taken to be insolvent or unable to pay its debts under any applicable legislation.
- (b) Where a *default event* has occurred in relation to a *Market Participant*, *VENCorp* may:
- (1) issue a *default notice* which specifies:
    - (A) the nature of the alleged default; and
    - (B) if *VENCorp* considers that the default is capable of remedy, that the *Market Participant* must remedy the default within 24 hours of the issue of the *default notice*; and/or

- (2) immediately issue a *suspension notice* in accordance with clause 3.7.7 if *VENCorp* considers that the default is not capable of remedy and that failure to issue a *suspension notice* would be likely to expose other *Market Participants* to greater risk; and/or
  - (3) if it has not already done so, make a claim upon any *credit support* held in respect of the *Market Participant* for such amount as *VENCorp* determines represents the amount of any money actually or contingently owing by the *Market Participant* to *VENCorp* pursuant to these Rules and the *Retail Gas Market Rules*.
- (c) If:
- (1) *VENCorp* considers that a *default event* is not capable of remedy in accordance with clause 3.6.21(b)(2); or
  - (2) a *default event* is not remedied within 24 hours of the issue of the *default notice* or any later deadline agreed to in writing by *VENCorp*; or
  - (3) *VENCorp* receives notice from the defaulting *Market Participant* that it is not likely to remedy the default specified in the *default notice*,
- then *VENCorp* may issue a *suspension notice* in accordance with clause 3.7.7 under which *VENCorp* notifies the defaulting *Market Participant* that it is prohibited from doing all or any of the following things:
- (4) submitting *nominations, inc/dec offers* and/or *EoD linepack bids*;
  - (5) injecting gas, or tendering gas for injection, into the *transmission system*; or
  - (6) withdrawing gas, or tendering gas for withdrawal, from the *transmission system*.

### 3.6.22 Maximum total payment in respect of a billing period

- (a) For the purposes of this clause 3.6.22, the *maximum total payment* in respect of a *billing period* is equal to:
  - (1) the aggregate of the amounts received by *VENCorp* from *Market Participants* under clause 3.6.16 in respect of that *billing period* by 4.00 pm on the *payment date*; plus
  - (2) if one or more *Market Participants* are in default, the aggregate amount which *VENCorp* is able to obtain from the *credit support* provided by such *Market Participants* under clause 3.7 before 4.00 pm on the *payment date*; less
  - (3) the aggregate amount of all *market fees* and other payments received by *VENCorp* pursuant to clause 3.6.5(b)(4).
- (b) For the purpose of clause 3.6.22(a), any payment received by *VENCorp* from a *Market Participant* in respect of a *billing period* shall be deemed to be made, and may be applied by *VENCorp*, in satisfaction of the *market fees* and other payments specified in clause 3.6.5(b)(4) payable to *VENCorp* by that *Market Participant* (as specified in the *final statement* issued to that *Market Participant* in respect of that *billing period*) before it is applied by *VENCorp* in satisfaction of any other obligation or liability.
- (c) If the *maximum total payment* in respect of a *billing period* is not sufficient to meet the aggregate of the net amounts payable by *VENCorp* to each of the *Market Participants* to whom payments are to be made in respect of the *billing period*, then the amount payable by *VENCorp* to each relevant *Market Participant* in respect of that *billing period* is to be reduced by applying the following formula:

$$\mathbf{AAP} = \mathbf{SAP} \times \frac{\mathbf{A}}{\mathbf{B}}$$

where:

- AAP** is the reduced amount payable by *VENCorp* to the relevant *Market Participant* in respect of the relevant *billing period*;
- SAP** is the net amount that would have been payable to the relevant *Market Participant* for the relevant *billing period* but for the application of this clause 3.6.22.
- A** is the *maximum total payment* in respect of the *billing period*; and
- B** is the aggregate of the net amounts payable by *VENCorp* to *Market Participants* under clause 3.6.17 in respect of the *billing period*.

### 3.6.23 Interest on overdue amounts

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

### 3.7 PRUDENTIAL REQUIREMENTS

#### 3.7.1 Purpose

The purpose of the *prudential requirements* is to ensure the effective operation of the *market* by providing a level of comfort that *Market Participants* will meet their obligations to make payments as required under these Rules and the *Retail Gas Market Rules*.

#### 3.7.2 Provision of security

- (a) Subject to clause 3.7.2(c), a *Market Participant* must provide and maintain a security complying with the requirements of this clause 3.7.
- (b) If *VENCorp* believes it is likely that the amount payable by *VENCorp* to that *Market Participant* under these Rules in respect of a period will consistently exceed the amount payable to *VENCorp* by that *Market Participant* under these Rules in respect of that period, then *VENCorp* may exempt the *Market Participant* from the requirement to provide a security under clause 3.7.2(a) for that period.
- (c) If, under clause 3.7.2(b), *VENCorp* has exempted a *Market Participant* from the requirement to provide a security under clause 3.7.2(a), then *VENCorp* may vary or cancel the exemption at any time by giving written notice of the variation or cancellation of the exemption to the *Market Participant*.

#### 3.7.3 Form of security

The security provided by a *Market Participant* under this clause 3.7 must be either:

- (a) a bank guarantee in a form and from a bank acceptable to *VENCorp*; or
- (b) another immediate, irrevocable and unconditional commitment in a form and from a bank or other institution acceptable to *VENCorp*.

#### 3.7.4 Amount of security

- (a) Subject to clause 3.7.2(b), prior to the end of each *financial year* *VENCorp* must determine and provide written confirmation to each *Market Participant* of that *Market Participant's minimum exposure*, calculated as *VENCorp's* reasonable estimate of the *market fees* payable by the *Market Participant* to *VENCorp* in respect of a *billing period* in the following *financial year*.
- (b) *VENCorp* may review its determination of a *Market Participant's minimum exposure* at any time, provided that any change to a *Market Participant's minimum exposure* will apply no earlier than thirty days following notification by *VENCorp* to that *Market Participant* of that change or such earlier period agreed by the Board of Directors of *VENCorp*.
- (c) Each *Market Participant* must procure that at all times the aggregate undrawn and unclaimed amounts of current and valid security held by *VENCorp* in respect of that *Market Participant* is not less than that *Market Participant's minimum exposure*.
- (d) To diminish the possibility of incurring a *margin call* under clause 3.7.10, a *Market Participant* may in its absolute discretion provide to *VENCorp* a security or securities in accordance with clause 3.7.3 for an aggregate amount which exceeds its *minimum exposure*.

### 3.7.5 Replacement security

- (a) If:
- (1) an existing security provided by a *Market Participant* under this clause 3.7 is due to expire or terminate; and
  - (2) after that security expires or terminates, the maximum amount which *VENCorp* will be entitled to be paid in aggregate under any remaining security or securities provided by the *Market Participant* under this clause 3.7 will be less than *Market Participant's minimum exposure*,

then the *Market Participant* must deliver to *VENCorp*, at least ten *business days* prior to the time at which that existing security is due to expire or terminate, a replacement security which:

- (3) is of sufficient value to enable the *Market Participant* to comply with clause 3.7.4(c);
  - (4) complies with the requirements of this clause 3.7; and
  - (5) will take effect no later than the date on which the existing security is due to expire or terminate.
- (b) If:
- (1) a *Market Participant* fails to comply with clause 3.7.5(a); and
  - (2) that *Market Participant* does not remedy that failure within 24 hours after being notified by *VENCorp* of the failure,

then *VENCorp* must give the *Market Participant* a *suspension notice* in accordance with clause 3.7.7.

### 3.7.6 Drawdown of security

- (a) If *VENCorp* exercises its rights in accordance with clause 3.6.21 under a security provided by a *Market Participant* under this clause 3.7, then *VENCorp* must notify the *Market Participant*.
- (b) If, as a result of *VENCorp* exercising its rights under a security provided by a *Market Participant* under this clause 3.7, the maximum amount which *VENCorp* is entitled to be paid under the security or securities provided by the *Market Participant* under this clause 3.7 is less than the *Market Participant's minimum exposure*, then, within 24 hours of receiving a notice under clause 3.7.6(a), the *Market Participant* must provide an additional security to ensure that at all times, it complies with the requirements of this clause 3.7.
- (c) If a *Market Participant* fails to comply with clause 3.7.6(b) within the time period referred to in that clause, then *VENCorp* must give the *Market Participant* a *suspension notice* in accordance with clause 3.7.7.

### 3.7.7 Suspension of a Market Participant

- (a) As soon as practicable after a *suspension notice* is issued by *VENCorp* under these Rules, *VENCorp* must:
  - (1) *publish* the *suspension notice*; and
  - (2) place a notice in a newspaper generally circulating in Victoria stating that the *Market Participant* has been suspended.
- (b) *VENCorp* must revoke a *suspension notice* if:
  - (1) in the case of a *default event*, the *default event* is remedied; or

- (2) in the case of a failure to maintain compliance with *prudential requirements* under this clause 3.7, that failure has been remedied; and
- (3) there are no other circumstances in existence which would entitle *VENCorp* to issue a *suspension notice*,

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

- (c) If a *suspension notice* is revoked, *VENCorp* must publicise that fact in the same manner in which the *suspension notice* was publicised in accordance with clause 3.7.7(a).
- (d) From the time that *VENCorp* issues a *suspension notice* to a *Market Participant* under these Rules, the *Market Participant* is ineligible to submit *nominations*, *inc/dec offers* or *EoD linepack bids* to the extent specified in the notice, until such time as *VENCorp* notifies the *Market Participant* and all other relevant *Market Participants* that the suspension has been revoked.
- (e) A *Market Participant* must comply with a *suspension notice* issued to it under these Rules.
- (f) Following the issue of a *suspension notice* to a *Market Participant*, *VENCorp* may do all or any of the following to give effect to the *suspension notice*:
  - (1) reject any *nomination*, *inc/dec offer* or *EoD linepack bid* submitted by that *Market Participant*;
  - (2) refuse to accept delivery of any gas injected, or tendered for injection, by that *Market Participant*;
  - (3) take such action as *VENCorp* considers necessary to prevent that *Market Participant* from injecting or withdrawing gas, including without limitation taking any action necessary to *curtail* the supply of gas to that *Market Participant*; and
  - (4) withhold the payment of any amounts otherwise due to that *Market Participant* under these Rules.
- (g) If *VENCorp* does any of the things referred to in clause 3.7.7(f) it must promptly *publish* a notice of that fact.
- (h) If:
  - (1) *VENCorp* has issued a *suspension notice* to a *Market Participant* due to a *default event* and in *VENCorp's* reasonable opinion the *Market Participant* is incapable of rectifying the *default event* for any reason; or
  - (2) *VENCorp* has issued a *suspension notice* to a *Market Participant* due to a failure by the *Market Participant* to continue to satisfy the *prudential requirements* and in *VENCorp's* reasonable opinion the *Market Participant* is incapable of rectifying that failure for any reason,

*VENCorp* must deregister that *Market Participant* as soon as practicable and promptly *publish* a notice of that fact.

### 3.7.8 Trading limits

- (a) Subject to clause 3.7.8(b), *VENCorp* must set a *trading limit* for each *Market Participant*.
- (b) If, under clause 3.7.2(c), *VENCorp* has exempted a *Market Participant* from the requirement to provide a security under clause 3.7.2(b) for a period, then *VENCorp* must not set a *trading limit* for that *Market Participant* for the period during which that exemption applies.
- (c) The *trading limit* for a *Market Participant* at any time must not be less than the greater of:

- (1) the *Market Participant's minimum exposure*; and
- (2) a level determined and *published* by *VENCorp* in consultation with *Market Participants*.

### 3.7.9 Monitoring

- (a) Each day, *VENCorp* must review its estimated exposure to each *Market Participant* in respect of previous *billing periods* under these Rules and the *Retail Gas Market Rules*.
- (b) In calculating *VENCorp's* estimated exposure to a *Market Participant* under clause 3.7.9(a), the period between the start of the *billing period* in which the review occurs and the start of the *gas day* immediately following the day on which the review occurs is to be treated as a previous *billing period*.
- (c) In calculating *VENCorp's* estimated exposure to a *Market Participant* under clause 3.7.9(a), *VENCorp* must take into account:
  - (1) outstanding *settlement amounts* for the *Market Participant* in respect of previous *billing periods*; and
  - (2) *settlement amounts* for the *Market Participant* for *trading intervals* from the start of the *billing period* in which the review occurs to the end of the *gas day* on which the review occurs based on:
    - (A) actual *market prices* or, if actual *market prices* are not available for all or part of a *gas day*, the *market prices* forecast for the relevant *gas day* as *published* in the relevant *final operating schedule* determined by *VENCorp* in accordance with clause 3.1.12;
    - (B) for *metering installations*, the actual *metering data* or if actual *metering data* is not available then *metering data* substituted by *VENCorp* in accordance with clause 4.4.24; and
    - (C) data provided to *VENCorp* in accordance with the *Retail Gas Market Rules*.
  - (3) Amounts that *VENCorp* is entitled to recover from that *Market Participant* under the *Retail Gas Market Rules*.
- (d) If *VENCorp* calculates that its estimated exposure to a *Market Participant* exceeds the greater of
  - (1) the *Market Participant's minimum exposure*; and
  - (2) 80% of the *Market Participant's trading limit*,then *VENCorp* must inform the *Market Participant* accordingly.

### 3.7.10 Margin calls

- (a) If *VENCorp* calculates that its exposure to a *Market Participant* exceeds the *Market Participant's trading limit*, then *VENCorp* must make a *margin call* on that *Market Participant* by notice to the *Market Participant*.
- (b) If *VENCorp* makes a *margin call* on a *Market Participant* under clause 3.7.10(a), then the *Market Participant* must satisfy the *margin call* within the period determined in accordance with clause 3.7.10(c) by either:
  - (1) providing to *VENCorp* an additional security or securities complying with the requirements of this clause 3.7 which enables *VENCorp* to increase the *Market Participant's trading limit* to a level which exceeds *VENCorp's* estimated exposure to the *Market Participant*; or

- (2) prepaying a portion of the amount payable or which will become payable in respect of previous *billing periods* sufficient to reduce *VENCorp's* estimated exposure to the *Market Participant* to below the *Market Participant's trading limit*.
- (c) The period within which a *margin call* must be satisfied under clause 3.7.10(b) is:
  - (1) if the *margin call* is made on a *business day* before 10:00 am, then the period commences at the time the *margin call* is made and finishes at 2:00 pm on that *business day*; and
  - (2) if clause 3.7.10(c)(1) does not apply, then the period commences when the *margin call* is made and ends at 10:00 am on the first *business day* to occur after the *margin call* is made.
- (d) For the purposes of these Rules, a prepayment under clause 3.7.10(b)(2) is taken to relate to the earliest *billing period* in respect of which the relevant *Market Participant* owes *VENCorp* an amount of money under these Rules and, if the amount the *Market Participant* owes under these Rules in respect of that *billing period* is less than the amount of the prepayment, then the excess is taken to relate to the *billing periods* occurring immediately after the earliest *billing period* in respect of which the relevant *Market Participant* owes *VENCorp* an amount of money under these Rules in chronological order until there is no excess.
- (e) If a *Market Participant* fails to satisfy a *margin call* by providing an additional security or making a prepayment under clause 3.7.10(b) within the time referred to in that clause, then *VENCorp* must give the *Market Participant* a *suspension notice*.

### 3.7.11 Confidentiality

All information provided by a *Market Participant* in relation to its financial circumstances must be treated by *VENCorp* as *confidential information* in accordance with clause 5.4.

## **3.8 GST**

### **3.8.1 Interpretation**

Terms used in this clause 3.8 have the same meaning given to those terms in the *GST Act*, unless provided otherwise.

### **3.8.2 Application of GST**

- (a) Unless stated otherwise, and subject to clause 3.8.2(b), monetary amounts determined, published, notified or referred to under these Rules do not include *GST*.
- (b) In determining amounts payable by or to persons under these Rules, *VENCorp* will include appropriate provision for the application of *GST* taking into account entitlement to input tax credits on amounts incurred, where applicable and consistent with the *GST Act*.

### **3.8.3 Co-operation**

- (a) Each *Participant* must provide reasonable co-operation, if requested by *VENCorp* to do so, to ensure efficient compliance with laws relating to the *GST*.
- (b) *VENCorp* must provide reasonable co-operation, if requested by a *Participant* to do so, to ensure that *Participant's* efficient compliance with laws relating to the *GST*.

## **CHAPTER 4. TECHNICAL MATTERS**

## 4.1 CONNECTION TO THE TRANSMISSION SYSTEM

### 4.1.1 Statement of purpose

This clause 4.1:

- (a) provides the framework for *connection* to the *transmission system*; and
- (b) has the following aims:
  - (1) to detail the principles and guidelines governing *connection* to the *transmission system*;
  - (2) to establish the process to be followed by a *Transmission Pipeline Owner* and a *Connection Applicant* to establish or modify a *connection* to the *transmission system*; and
  - (3) to establish the system operation and security requirements for *connection* to the *transmission system*.

### 4.1.2 Principles

This clause 4.1 is based on the following principles relating to *connection* to the *transmission system*:

- (a) All persons shall have the opportunity to form a *connection* to the *transmission system* and have access to the services provided by the *transmission system*.
- (b) The terms and conditions on which *connection* to the *transmission system* and provision of *connection* services are to be set out in a commercial agreement to be entered into between the relevant *Transmission Pipeline Owner* and the *Connection Applicant*.
- (c) If requested by a *Connected Party* or by the relevant *Transmission Pipeline Owner*, the relevant *Transmission Pipeline Owner* and the *Connected Party* must document the terms of any *connection* arrangements made prior to the *commencement date* and the resulting document will then be deemed to be a *connection agreement* for the purposes of these Rules.
- (d) This clause 4.1 applies to:
  - (1) all *connection agreements* made after the *commencement date*;
  - (2) all deemed *connection agreements* created pursuant to clause 4.1.2(c); and
  - (3) all requests to establish *connection* or modify an existing *connection* after the *commencement date*.
- (e) This clause 4.1 is not intended to, nor is it to be read or construed as having the effect of:
  - (1) altering any of the terms of a *connection agreement* made prior to the *commencement date*; or
  - (2) altering the contractual rights or obligations of any of the parties under a *connection agreement* as between the relevant *Transmission Pipeline Owner* and the *Connected Party* made prior to the *commencement date*; or
  - (3) relieving the parties to a *connection agreement* made prior to the *commencement date* of their contractual obligations under that agreement.
- (f) Subject to clause 4.1.2(e), if any right or obligation of a *Connected Party* under a *connection agreement* is inconsistent with any provision of these Rules, the provisions of these Rules shall prevail.

### 4.1.3 Obligations of the Transmission Pipeline Owner

A *Transmission Pipeline Owner* must:

- (a) receive and process applications for *connection* or modification of a *connection* which are submitted to it and must enter into a *connection agreement* with each *Connected Party* and any other person to which it has provided a *connection* in accordance with this clause 4.1;
- (b) ensure that every *connection agreement* to which it is a party complies with, and is not inconsistent with, this clause 4.1;
- (c) consult with *VENCorp* regarding the system operation and security requirements of proposed *connections* to its *pipeline*; and
- (d) use its reasonable endeavours to comply with all reasonable requests of the *Connection Applicant* relating to its *connection* requirements.

#### 4.1.4 Obligations of VENCORP

*VENCorp* must:

- (a) review all proposed *connections* from a system operation and security perspective;
- (b) establish system operation and security standards and requirements for *connections*; and
- (c) use its reasonable endeavours to comply with all reasonable requirements of the *Connection Applicant* and the relevant *Transmission Pipeline Owner* relating to the commissioning of *connection equipment*.

#### 4.1.5 Obligations of Connected Parties

- (a) Each *Connected Party* must ensure that all *connection equipment* which is owned, operated or controlled by it at all times comply with applicable requirements and conditions for *connection* in accordance with its *connection agreement* with the *Transmission Pipeline Owner*.
- (b) A *Connection Applicant* must:
  - (1) comply with the reasonable requirements of the *Transmission Pipeline Owner* in respect of the design requirements of *connection equipment* proposed to be *connected* to the *transmission system*;
  - (2) not make any material modification or addition to any *connection equipment* which is the subject of a *connection agreement* without the prior written consent of the relevant *Transmission Pipeline Owner* and *VENCorp*;
  - (3) provide load forecast information to the relevant *Transmission Pipeline Owner* and *VENCorp* in accordance with clause 4.1.6(c); and
  - (4) allow the *Transmission Pipeline Owner* to participate in the commissioning of *connection equipment* which is to be *connected* to the *transmission system*.

#### 4.1.6 Application for connection

- (a) A person who wishes to *connect* to the *transmission system* may make an application to *connect* in accordance with this clause 4.1.6.
- (b) An application to *connect* made by a person who wishes to *connect* to the *transmission system* must contain the information specified in clause 4.1.6(c) and must be submitted, together with the relevant application fee, to the relevant *Transmission Pipeline Owner*.
- (c) The *connection* application must include:
  - (1) details of the location of the *connection point* and proposed specifications of the *connection equipment*;
  - (2) the date by which the *connection* is desired;

- (3) details of the forecast load requirements of the *connection point*, including maximum daily quantity, maximum hourly quantity and maximum and minimum operating pressures; and
  - (4) such other information as the relevant *Transmission Pipeline Owner* may reasonably request to enable it to assess the application to *connect* and prepare an offer to *connect*.
- (d) Within six months of the *commencement date*, *VENCorp* must determine the relevant application fee (if any) payable under clause 4.1.6(b) by a person making an application to *connect* to the *transmission system*.

#### 4.1.7 **VENCorp to approve application in principle**

- (a) The relevant *Transmission Pipeline Owner* must submit details of the load requirements of the proposed *connection point* (including the information referred to in clause 4.1.6(c)) to *VENCorp* for approval and for allocation of any available *authorised MDQ* to the *Connection Applicant* in accordance with clause 5.3 as soon as reasonably practicable and in any event within twenty *business days* of receipt of an application to *connect* (or within such longer period as the relevant *Transmission Pipeline Owner* and the *Connection Applicant* may agree).
- (b) Within twenty *business days* of receipt of a proposal for a *connection*, *VENCorp* must approve or reject the proposed *connection* in accordance with principles and procedures in the guidelines referred to in clause 4.1.7(f) and give notice of the approval or rejection to the relevant *Transmission Pipeline Owner*.
- (c) *VENCorp* may reject a proposed *connection* if the proposed *connection* or modified *connection* does not meet the system operation and security and other requirements specified in the guidelines referred to in clause 4.1.7(f).
- (d) If *VENCorp* rejects a proposed *connection*, *VENCorp* must notify the relevant *Transmission Pipeline Owner* of its reasons for doing so.
- (e) The relevant *Transmission Pipeline Owner* and the *Connection Applicant* must provide *VENCorp* with any information which *VENCorp* may reasonably request to enable it to assess the proposed *connection*.
- (f) In consultation with *Participants* *VENCorp* must develop and update from time to time guidelines for the approval of new or modified connections to the transmission system.
- (g) The guidelines referred to in clause 4.1.7(f) must:
  - (1) contain the principles and procedures and the system operation and security requirements used for approving or rejecting a proposed *connection* referred to in clause 4.1.7(b); and
  - (2) must be *published* and provided to *Participants* and interested persons on request.

#### 4.1.8 **Offer to connect**

- (a) Within twenty *business days* after the proposed *connection* has been approved in principle by *VENCorp* (or such longer period as the relevant *Transmission Pipeline Owner* and the *Connection Applicant* may agree), the relevant *Transmission Pipeline Owner* must prepare and make an offer to *connect* the *Connection Applicant's pipeline* to the *transmission system*.
- (b) The offer to *connect* must contain the proposed terms and conditions for *connection* to the *transmission system*.
- (c) The offer to *connect* must be fair and reasonable and must be consistent with the safe and reliable operation of the *transmission system* in accordance with these Rules.

- (d) The relevant *Transmission Pipeline Owner* must use its reasonable endeavours to provide the *Connection Applicant* with an offer to *connect* in accordance with the reasonable requirements of the *Connection Applicant*, including without limitation, the location and load requirements of the proposed *connection point*.
- (e) Both the relevant *Transmission Pipeline Owner* and the *Connection Applicant* are entitled to negotiate with each other in respect of the provision of *connection* and any other matters relevant to the provision of *connection*. If negotiations occur, the relevant *Transmission Pipeline Owner* and the *Connection Applicant* must conduct such negotiations in good faith.
- (f) The offer to *connect* must define the basis for determining *transmission connection* charges in accordance with the relevant *Transmission Pipeline Owner's* *access arrangement*, if any.

#### 4.1.9 Finalisation of connection agreements

- (a) If the *Connection Applicant* accepts an offer to *connect*, the *Connection Applicant* must:
  - (1) agree to be bound by all relevant provisions of these Rules; and
  - (2) subject to clause 4.1.10, enter into a *connection agreement* with the relevant *Transmission Pipeline Owner*.
- (b) The provision of *connection* by the relevant *Transmission Pipeline Owner* may be made subject to gaining environmental, planning or other regulatory or statutory approvals for any *pipeline equipment* or *connection equipment*.
- (c) Each *connection agreement* must be based on the offer to *connect* as varied by agreement between the parties.

#### 4.1.10 Approval of connection agreements by VENCORP

- (a) A *Transmission Pipeline Owner* and a *Connection Applicant* must not enter into a *connection agreement* unless it has been approved by VENCORP.
- (b) A *Transmission Pipeline Owner* must submit each *connection agreement* which it proposes to enter into with a *Connection Applicant*, in the form agreed by the relevant *Transmission Pipeline Owner* and the *Connection Applicant*, to VENCORP within two *business days* after the terms of the proposed *connection agreement* have been agreed by the relevant *Transmission Pipeline Owner* and the *Connection Applicant*.
- (c) The relevant *Transmission Pipeline Owner* must, at the same time as it submits a *connection agreement* for approval by VENCORP, either:
  - (1) confirm that there has been no material change to the information provided to VENCORP pursuant to clause 4.1.7 in relation to the proposed *connection*; or
  - (2) provide VENCORP with full details of the load requirements of the proposed *connection point* to the extent that such requirements differ from the requirements submitted to VENCORP pursuant to clause 4.1.7 and any other change to the information provided to VENCORP pursuant to that clause.
- (d) Within ten *business days* of receipt by VENCORP of a proposed *connection agreement* pursuant to clause 4.1.10(b), VENCORP must approve the proposed *connection agreement* or reject the proposed *connection agreement*.
- (e) VENCORP may reject a proposed *connection agreement* if:
  - (1) in VENCORP's reasonable opinion, the proposed *connection* which is the subject of that *connection agreement* has potential to adversely and materially affect the operation or security of the *transmission system*; or

- (2) it does not comply with, or is inconsistent with, any provision of these Rules.
- (f) The relevant *Transmission Pipeline Owner* and the *Connection Applicant* must provide *VENCorp* with any information which *VENCorp* may reasonably request to enable it to assess the proposed *connection agreement*.

#### 4.1.11 Consultation

The relevant *Transmission Pipeline Owner* must consult with *VENCorp* in relation to a proposed *connection* prior to submission of the proposed *connection agreement* relating to that *connection* for approval by *VENCorp* with the intent of facilitating the approval by *VENCorp* of that *connection agreement*.

#### 4.1.12 Confidential information

- (a) All data and information provided by a *Transmission Pipeline Owner* or a *Connection Applicant* under this clause 4.1 must be:
  - (1) prepared, given and used in good faith;
  - (2) treated as *confidential information*; and
  - (3) protected from being disclosed or made available by the recipient to a third party, except for the purpose of enabling the relevant *Transmission Pipeline Owner* and *VENCorp* to assess the application for *connection*.
- (b) If a *Connection Applicant* or relevant *Transmission Pipeline Owner* becomes aware of any material change to any information contained in or relevant to an application to *connect* then it must promptly notify the other party in writing of that change.

#### 4.1.13 System balancing arrangements

- (a) *VENCorp* may require, as a condition of *connection* of a *transmission pipeline* to the *transmission system*, that the *Interconnecting Pipeline Owner* which operates the *transmission pipeline* which is proposed to be *connected* must enter into an agreement with *VENCorp* relating to the operation of their respective *transmission pipeline* systems and an *Interconnecting Pipeline Owner* must comply with any such requirement.
- (b) An agreement referred to in clause 4.1.13(a), may make arrangements relating to, amongst other things:
  - (1) the balancing, monitoring and regulation of gas flows between the *transmission system* and the *pipeline* which is proposed to be *connected*;
  - (2) the *scheduling* of gas flows in accordance with the *nominations* and *inc/dec offers* of *Market Participants* who wish to transport gas across the *transfer point* at which the *Interconnected Pipeline Owner's pipeline* is *connected* to the *transmission system*;
  - (3) the maintenance of a balancing account;
  - (4) the deployment of system capacity and system optimisation;
  - (5) operating pressures; and
  - (6) the maintenance of the security of the *transmission system* and the *transmission pipeline* which is proposed to be *connected*.

#### **4.1.14 Interpretation**

For the purpose of this clause 4.1, in relation to a *connection*, a reference to a “relevant *Transmission Pipeline Owner*” is to be construed as a reference to the *Transmission Pipeline Owner* which owns or controls the *pipeline* to which that *connection* relates or which is the subject of that *connection*.

## 4.2 LNG STORAGE

### 4.2.1 Purpose of this clause

This clause 4.2 sets out:

- (a) the obligations of the *LNG Storage Provider* relating to the operation of the *LNG storage facility* and the provision of *LNG storage capacity*;
- (b) the responsibilities of *VENCorp* relating to the *LNG reserve*;
- (c) the rights and obligations of *Market Participants* who hold *LNG storage capacity*;
- (d) requirements relating to the transfer of *LNG storage capacity* and *LNG stock*; and
- (e) the rights and obligations of *VENCorp*, the *LNG Storage Provider* and *Market Participants* relating to the maintenance of sufficient *LNG stock* to ensure the security of the *transmission system* and to satisfy *VENCorp's* operational requirements.

### 4.2.2 Obligations of VENCorp

- (a) *VENCorp* is responsible for *scheduling LNG injection offers* and managing the *LNG reserve*.

Clauses 4.2.2(b), (c) and (d) deleted by notice in the Government Gazette dated 28 February 2002

### 4.2.3 Obligations of the LNG Storage Provider

- (a) The *LNG Storage Provider* must ensure that, subject to the terms and conditions of these Rules and the right of *Market Participants* who hold *LNG storage capacity* to make *LNG injection offers*, the *LNG storage facility* is utilised with the objective of maintaining *LNG stock* at the highest level possible.
- (b) The *LNG Storage Provider* must operate the *LNG storage facility* in accordance with the *scheduling instructions* issued by *VENCorp* in accordance with these Rules.
- (c) The *LNG Storage Provider* must maintain a register of the holders of *LNG storage capacity* and register transfers of *LNG storage capacity* and *LNG stock* in accordance with clauses 4.2.5 and 4.2.6.

### 4.2.4 BOC Agreement

- (a) The *LNG Storage Provider* must, subject to the terms and conditions of the *BOC Agreement*, keep *VENCorp* informed in a timely manner of all matters or circumstances relating to the *BOC Agreement* or the operation of the *LNG storage facility* which may affect the ability of *VENCorp* to *schedule LNG injection offers* or use the *LNG reserve*.
- (b) The *LNG Storage Provider* must notify *VENCorp* on or before the twelfth day of each month of the following information relating to the operation of the *BOC Agreement*:
  - (1) the minimum and maximum quantity of gas which the *LNG Storage Provider* may order for liquefaction by *BOC* in the following month under the *BOC Agreement*; and
  - (2) if known, *BOC's* requirements for gas and *LNG stock* in the following month.
- (c) If any provision of these Rules with which the *LNG Storage Provider* is bound to comply is inconsistent with any term of the *BOC Agreement*, then the term of the *BOC Agreement* will prevail.

- (d) The *LNG Storage Provider* must not terminate or vary the *BOC Agreement* without the consent of *VENCorp* (whose consent must not be unreasonably withheld or delayed).

#### **4.2.5 LNG storage capacity**

- (a) *VENCorp* must not do anything, or omit to do anything, which would adversely affect *BOC's* *LNG* storage entitlement under the *BOC Agreement*.
- (b) Unless and until *VENCorp* otherwise agrees, the *LNG Storage Provider* must make available 3,000 tonnes of *LNG storage capacity* for the operation of the *LNG reserve* in accordance with clause 4.2.9.
- (c) If *VENCorp* requests, any *LNG storage capacity* which is not required to be made available to *BOC* or is not allocated to *Market Participants* must be made available to *VENCorp* and will comprise part of the *LNG reserve*.
- (d) A *Market Participant* must hold *LNG storage capacity* in order to use the *LNG storage facility*.
- (e) The *LNG Storage Provider* must maintain and keep updated a register of holders of *LNG storage capacity*, which must include the following information:
  - (1) the identity of each holder of *LNG storage capacity*;
  - (2) the amount of *storage space* to which each holder of *LNG storage capacity* is entitled; and
  - (3) the quantity of *LNG stock* held on behalf of each holder of *LNG storage capacity*.
- (f) The register of holders of *LNG storage capacity* may be maintained and stored in a computer or other electronic device or database.

#### **4.2.6 Transfers of LNG storage capacity and LNG stock**

- (a) A *Market Participant* may at any time:
  - (1) transfer all or part of its *LNG storage capacity*; or
  - (2) transfer all or part of its *LNG stock*,to another *Market Participant*, subject to and in accordance with this clause 4.2.6.
- (b) A *Market Participant* may not transfer *LNG storage capacity* or *LNG stock* if as a result the transferor or the transferee would have *LNG stock* in excess of the *LNG storage capacity* to which it is entitled.
- (c) A transfer of *LNG storage capacity* and/or *LNG stock* may only be expressed to take effect on the start of a *gas day* and any such transfer which purports to take effect at any other time shall be invalid.
- (d) The *LNG Storage Provider* must not reject a transfer in respect of which the requirements of this clause 4.2.6 are satisfied.
- (e) Where a *Market Participant* proposes to make an *LNG storage transfer*, both the transferor and transferee must give notice of the proposed *LNG storage transfer* to the *LNG Storage Provider*, specifying:
  - (1) the identity of the transferor and the transferee;
  - (2) the amount of the *LNG storage capacity* and/or *LNG stock* the subject of the transfer; and
  - (3) the *gas day* on the commencement of which the *LNG storage transfer* is to be effective.

- (f) A proposed *LNG storage transfer* must be notified to the *LNG Storage Provider* by the transferor and the transferee by no later than 7.00 am on the day on which the *gas day* specified in the notice referred to in clause 4.2.6(e)(3) starts.
- (g) The *LNG Storage Provider* must:
  - (1) register an *LNG storage transfer* which complies with this clause 4.2.6 as soon as reasonably practicable after it has been received; and
  - (2) notify *VENCorp* of an *LNG storage transfer* and the amount of the *LNG storage capacity* and/or *LNG stock* transferred by no later than 8.00 am on the day on which the *gas day* starts on the commencement of which that *LNG storage transfer* is to be effective.
- (h) The amount of *LNG storage capacity* and *LNG stock* which a *Market Participant* holds will be determined by the register of *LNG storage capacity* maintained by the *LNG Storage Provider* in accordance with clause 4.2.5(e). The *LNG Storage Provider* will not be required to have regard to any *LNG storage capacity* or *LNG stock* which a *Market Participant* purports to hold other than *LNG storage capacity* or *LNG stock* in respect of which that *Market Participant* is the registered holder.
- (i) With effect from the commencement of the *gas day* on which a valid *LNG storage transfer* is expressed to take effect in accordance with clause 4.2.6(e)(3) the *LNG stock* which is the subject of a valid *LNG storage transfer* will be added to the transferee's *LNG stock* and deducted from the transferor's *LNG stock*.
- (j) If for any reason a *Market Participant* ceases to be entitled to any *LNG storage capacity*, the *LNG Storage Provider* will, as soon as reasonably practicable after it becomes aware of the cessation, register that fact. Any *LNG storage transfer* which is notified to the *LNG Storage Provider* will be valid and capable of registration, notwithstanding that the transferor's entitlement to the *LNG storage capacity* which is the subject of the *LNG storage transfer* has ceased, unless and until the cessation has been registered.

#### 4.2.7 Liquefaction of gas

- (a) Unless *VENCorp* otherwise approves, the *LNG Storage Provider* must order, in respect of each month, the maximum quantity of gas which it is entitled to require *BOC* to liquefy for storage in that month under the terms of the *BOC Agreement*.
- (b) The quantity of gas made available to *BOC* for liquefaction and storage in the *LNG storage facility* during each *trading interval* as a result of an order made by the *LNG Storage Provider* pursuant to clause 4.2.7(a) shall be allocated to, and be deemed to have been made available by, *VENCorp* or the *Market Participants* who hold *LNG storage capacity* in the following order of priority:
  - (1) first, such quantity of gas shall be allocated to, and be deemed to have been made available by, *VENCorp* as may be necessary to ensure that the *LNG reserve* is maintained at the maximum level and that there is sufficient *LNG stock* for use by *BOC* in accordance with the terms of the *BOC Agreement*; and
  - (2) second, a proportion of the remaining quantity, if any, (after a quantity has been allocated to *VENCorp* pursuant to clause 4.2.7(b)(1)) shall be allocated to, and be deemed to be made available by, each *Market Participant* who holds *LNG storage capacity* in accordance with the following formula:

$$Q = \frac{QL \times PAC}{TAC}$$

where:

- Q** is the *Market Participant's* allocation of the remaining quantity (if any) of gas made available to *BOC* for liquefaction and storage in a *trading interval*;
  - QL** is the remaining quantity of gas (if any) made available to *BOC* for liquefaction and storage in that *trading interval*;
  - PAC** is that *Market Participant's available LNG capacity* at the start of that *trading interval*; and
  - TAC** is the sum of all *Market Participants available LNG capacity* at the start of that *trading interval*.
- (c) The *LNG Storage Provider* must determine the quantity of gas deemed to have been made available by *VENCorp* and each *Market Participant* to *BOC* for liquefaction during each *trading interval* and notify *VENCorp* of its determination as soon as reasonably practicable after the end of the relevant *trading interval*.
  - (d) To avoid doubt, any quantity of gas deemed to have been made available by a *Market Participant* to *BOC* during a *trading interval* in accordance with this clause 4.2.7 is to be taken into account for the purpose of calculating that *Market Participant's trading imbalance* in that *trading interval*.

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

Clauses 4.2.8(a) and (b) deleted by notice published in the Government Gazette dated 28 February 2002

- (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*.

Clause 4.2.8(c) deleted by notice published in the Government Gazette dated 28 February 2002

- (d) *VENCorp* must consult with *Market Participants* and the *LNG Storage Provider* for the purpose of carrying out any review of the *LNG reserve*.

Clause 4.2.8(e) deleted by notice published in the Government Gazette dated 28 February 2002

- (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*.

#### 4.2.10 Provision of information

- (a) The *LNG Storage Provider* and *VENCorp* must establish and operate an information exchange system allowing the electronic transfer of information between the *LNG Storage Provider* and *VENCorp* relating to the *LNG storage facility*.
- (b) The specifications and requirements of the information exchange system referred to in clause 4.2.10(a) shall be as agreed between the *LNG Storage Provider* and *VENCorp* from time to time (such agreement not to be unreasonably withheld or delayed) and the cost of providing and maintaining that system shall be borne by the *LNG Storage Provider* and *VENCorp* in such proportions as they may agree from time to time (such agreement not to be unreasonably withheld or delayed).
- (c) The information exchange system referred to in clause 4.2.10(a) must allow *VENCorp* to have access to the following information as soon as reasonably practicable after the end of each *trading interval*:
  - (1) the quantity of gas which was made available to *BOC* for liquefaction during the previous *trading interval*;
  - (2) the quantity of *LNG stock* which is held in the *LNG storage facility* at the end of the previous *trading interval* for use by *BOC*, *VENCorp* and each *Market Participant* who holds *LNG storage capacity* (after taking account of any gas made available for liquefaction by *VENCorp* and each *Market Participant* pursuant to clause 4.2.7(b) and liquefied during that *trading interval* and any *LNG* vaporised during that *trading interval* as a result of any *scheduling instructions* or any other direction by *VENCorp*);
  - (3) the quantity of gas which was made available to *BOC* for use in its *LNG* plant and air separation, nitrogen liquefaction, storage and other facilities and returned to the *transmission system* during the previous *trading interval*; and
  - (4) such other information relating to the operation of the *LNG storage facility* as *VENCorp* may reasonably require.
- (d) *VENCorp* must, if requested by a *Market Participant* who holds *LNG storage capacity*, make available to that *Market Participant* the following information relating to that *Market Participant* (if and to the extent that such information is available to *VENCorp*):
  - (1) the quantity of gas which was deemed to be made available by that *Market Participant* to *BOC* for liquefaction during each *trading interval*;
  - (2) the quantity of *LNG stock* held by the *LNG Storage Provider* on behalf of the *Market Participant* at the end of each *trading interval*; and
  - (3) the quantity of *LNG* vaporised on behalf of the *Market Participant* during each *trading interval*.

### 4.3 GAS QUALITY

#### 4.3.1 Principles

- (a) The quality specifications for gas which is delivered into the *transmission system* shall be the uniform *gas quality specifications* prescribed by the *Gas Quality Regulations*, unless *VENCorp* determines otherwise.
- (b) *VENCorp* is responsible for ensuring that any gas which is transferred from the *transmission system* to a *distribution pipeline* at a *system withdrawal point* complies with the *prescribed specifications*.
- (c) *VENCorp* has the sole right to accept delivery of *off-specification gas*.
- (d) Each *Participant* must use its reasonable endeavours to ensure that any gas which it injects or tenders for injection into the *transmission system* at a *system injection point* complies with the *gas quality specifications* for that *system injection point*.
- (e) Gas quality monitoring is required at all *system injection points* and such other points on the *transmission system* as *VENCorp* may consider necessary or desirable to enable *VENCorp* to monitor the quality of gas injected into and withdrawn from the *transmission system*.

#### 4.3.2 Gas quality standards at injection points

- (a) *VENCorp* may approve, in relation to a *system injection point*, a gas quality standard which is different to the *prescribed specifications* and accept delivery of gas at that *system injection point* which complies with that gas quality standard if:
  - (1) all of the *Market Participants* who propose to inject gas which does not comply with the *prescribed specifications* into the *transmission system* at that *system injection point* have entered into a written contract:
    - (A) with one or more of the *Market Participants* who inject gas which complies with the *prescribed specifications* into the *transmission system* at another *system injection point* regarding the acceptance of the proposed gas quality standard to be co-mingled with their gas at the *system injection point* first referred to in this clause 4.3.2(a); or
    - (B) with a provider of gas processing services relating to the processing of the gas which does not comply with the *prescribed specifications* after that gas has been injected into the *transmission system*; and
  - (2) *VENCorp* 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 *transmission system* or processed so that:
    - (A) gas transferred from the *transmission system* to each *distribution pipeline* at a *system withdrawal point* will, notwithstanding acceptance of gas which complies with that gas quality standard, 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*.
- (b) If at any time *VENCorp* considers that any contract which it has approved pursuant to clause 4.3.2(a) is not being complied with in any respect or that the conditions specified in

clause 4.3.2(a)(2) can no longer be satisfied in respect of gas which is the subject of any such contract:

- (1) *VENCorp* must notify each *Market Participant* who injects gas into the *transmission system* at the relevant *system injection point* that the gas quality standard approved by *VENCorp* pursuant to clause 4.3.2(a) in respect of that *system injection point* is no longer approved and specify a time with effect from which gas injected into the *transmission system* at that *system injection point* must comply with the *prescribed regulations*;
  - (2) each *Market Participant* must not, at any time after the time specified in the notice referred to in clause 4.3.2(b)(1), inject gas, or tender gas for injection, at the relevant *system injection point* which does not comply with the *prescribed specifications*; and
  - (3) *VENCorp* may refuse to accept gas into the *transmission system* at the relevant *system injection point* which does not comply with the *prescribed specifications*.
- (c) Subject always to clauses 4.3.2(a) to (b) (inclusive), *VENCorp* may approve, in relation to a *transmission delivery point*, a gas quality standard which is different from the *prescribed specifications* if that gas quality standard has been agreed by all *Participants* who withdraw gas at that *transmission delivery point*.

### 4.3.3 Gas quality monitoring

- (a) A *gas quality monitoring system* must:
- (1) be provided by the *Transmission Pipeline Owner* at each *system injection point* and such other points on the *transmission system* as *VENCorp* may consider necessary or desirable to enable *VENCorp* to monitor the quality of gas injected and withdrawn from the *transmission system*; and
  - (2) be paid for by the *Transmission Pipeline Owner*, unless otherwise agreed by the *Transmission Pipeline Owner* and the *Connected Party* associated with that *monitoring point*.
- (b) The *gas quality monitoring system* must be approved by *VENCorp*.
- (c) The *gas quality monitoring system* must provide for the continuous measurement of gas quality and the continuous transmission of gas quality data in real time to the *metering database* unless *VENCorp* agrees that, having regard to the characteristics of the particular *monitoring point*, satisfactory measurement can be achieved by sampling or some means other than continuous measurement.
- (d) The *gas quality monitoring system* must include the following equipment:
- (1) a gas chromatograph for determination of gas composition, heating value, relative density and wobble index;
  - (2) an oxygen analyser for determination of the oxygen content;
  - (3) a sulphur analyser for determination of hydrogen-sulphide and total sulphur; and
  - (4) a water analyser,
- unless *VENCorp* agrees otherwise, having regard to alternate measuring methods or the characteristics of the particular gas supply.
- (e) The provider of a *gas quality monitoring system* must ensure that, at its own cost, data from the *gas quality monitoring system* is transmitted to the *metering database* in a form and manner compatible with the *metering database*.

- (f) The provider of the *gas quality monitoring system* must submit to *VENCorp* for approval a plan to ensure the accuracy and reliability of the *gas quality monitoring system*. The plan must include:
  - (1) provision for the periodic testing and calibration of the *gas quality monitoring system* in accordance with standards approved by *VENCorp*;
  - (2) procedures ensuring that the *gas quality monitoring system* will remain free from interference; and
  - (3) provision for the storing of all data relating to the operation and calibration of the *gas quality monitoring system*.
- (g) The provider of the *gas quality monitoring system* must provide *VENCorp* and any other *affected Participant* with all data and information relating to gas quality at the *monitoring point*, including all test and calibration reports relating to the *gas quality monitoring system*, on request. The party requesting the information must pay the provider's reasonable costs of providing that information.

#### 4.3.4 Off-specification gas

- (a) Each *Participant* must use its reasonable endeavours to ensure that any gas which it injects or tenders for injection into the *transmission system* at a *system injection point* complies with the *gas quality specifications* for that *system injection point*.
- (b) If *VENCorp* is aware that *off-specification gas* is being, or is likely to be, or has been injected by a *Participant* at a *system injection point*, *VENCorp* may refuse to accept delivery or continued delivery of all or some of the *off-specification gas* for such period as *VENCorp* may determine.
- (c) *VENCorp* must not refuse to accept, on quality grounds, delivery of gas at a *system injection point* which complies with the *gas quality specifications* for that *system injection point*.
- (d) Each *Participant* must notify *VENCorp* as soon as it becomes aware that gas which does not comply with the *gas quality specifications* is being, or is likely to be, or has been delivered at a *system injection point*. Any such notification must include all information which is available to the *Participant* in respect of the *off-specification gas*, including each aspect of each specification with which it fails to comply, the degree of its failure to comply and the likely time at which the *Participant* will be able to resume delivery of gas in accordance with the *gas quality specifications*.
- (e) *VENCorp* may accept delivery of *off-specification gas* if, in the reasonable opinion of *VENCorp*:
  - (1) acceptance is necessary to ensure the safety of the public or the security of the *transmission system*; or
  - (2) *off-specification gas* can be co-mingled with other gas in the *transmission system* or processed so that:
    - (A) gas transferred from the *transmission system* to each *distribution pipeline* at a *system withdrawal point* will, notwithstanding acceptance of that *off-specification gas*, comply with the *prescribed specifications*; and
    - (B) gas transferred from the *transmission system* to each *Transmission Customer* will, notwithstanding acceptance of that *off-specification gas*, comply with the gas quality standards agreed between *VENCorp* and each *Transmission Customer* in respect of its *transmission delivery point*.

- (f) If *VENCorp* accepts or intends to accept any *off-specification gas* in accordance with clause 4.3.4(e), it must promptly give notice of that fact to each *Participant* who *VENCorp* reasonably believes is likely to be affected by gas which does not comply with the *prescribed specifications* or the gas quality standard agreed by *VENCorp* in respect of a *transmission delivery point* and, so far as known, the extent to which gas is likely to fail to comply with the *prescribed specifications* or such gas quality standard and the likely quantity and duration of such *off specification gas*.

## 4.4 METERING

### 4.4.1 Introduction to the metering rules

- (a) This clause 4.4 applies to the following *Participants*:
- (1) *Producers*;
  - (2) *Transmission Pipeline Owners*;
  - (3) *Interconnected Pipeline Owners*;
  - (4) *Distributors*;
  - (5) *Retailers*;
  - (6) *Transmission Customers*;
  - (7) *Market Customers*; and
  - (8) *Storage Providers*
- (b) This clause 4.4 requires the following *connection points* to have *metering installations*:
- (1) *connection points* on the *transmission system*;
  - (2) *distribution delivery points* at which gas is withdrawn by *Market Customers*;
  - (3) other *distribution delivery points* as reasonably determined by *VENCorp* as required for the operation of the *transmission system* or for *settlement*; and
  - (4) *receipt points* on a *distribution pipeline*.
- (c) The purpose of this clause 4.4 is to set out the rights and obligations of the *Participants* described in clause 4.4.1(a) relating to the measurement of volumes and quantities of gas and the provision of data for the operation of the *market*.
- (d) This clause 4.4 sets out provisions relating to:
- (1) *metering installations* used for the measurement of volumes and quantities of gas;
  - (2) the provision, installation and maintenance of *metering* equipment;
  - (3) the accuracy of *metering* equipment;
  - (4) *metering* calibration requirements;
  - (5) the provision of *metering data* for the purpose of *settlements*;
  - (6) the security of, and rights of access to, *metering data*; and
  - (7) standards of performance of *metering installations*.
- (e) The key principles adopted in this clause 4.4 are:

Clause 4.4.1(e)(1) deleted by notice in the Government Gazette dated 24 October 2002.

- (2) subject to clause 4.4.1(e)(3), costs associated with a *metering installation* are to be borne by the *responsible person*, provided that the *responsible person* may agree with an *affected Participant*, either generally or in any particular case, that those costs are instead to be borne (in whole or in part) by that *affected Participant*;
- (3) subject to any agreement to the contrary, the reasonable costs associated with:
  - (A) new *metering installations*;

- (B) modifications to existing *metering installations*; or
  - (C) decommissioning of *metering installations*,
- are to be borne by the *affected Participant* to the extent that those costs arise from new, increased or reduced gas demand of, or supply to, that *affected Participant*, unless the *Regulator* otherwise determines either generally or in any particular case;
- (4) the *responsible person* must ensure that the accuracy of a *metering installation*:
    - (A) used to measure the consumption of a *transmission delivery point* complies with the relevant standards prescribed in this clause 4.4; and
    - (B) used to measure the consumption of a *distribution delivery point* complies with the relevant standards prescribed in the *Distribution System Code*.
  - (5) the accuracy of the *metering installation* at each *metering point* is to be determined by reference to the volume of gas passing through that *metering point*;
  - (6) *metering installations* must be:
    - (A) secure;
    - (B) registered with *VENCorp*;
    - (C) capable of providing *metering data* for transmission or collection and delivery to the *metering database* in accordance with this clause 4.4; and
    - (D) installed, connected, commissioned, operated, checked and maintained in accordance with this clause 4.4 and in accordance with any applicable laws;
  - (7) *metering installations* must be capable of recording *metering data* in hourly intervals;
  - (8) the *responsible person* must calibrate:
    - (A) a *metering installation* at a *transmission delivery point* in accordance with clause 4.4.9; and
    - (B) a *metering installation* at a *distribution delivery point* in accordance with the accuracy limits set out in the *Distribution System Code*;
  - (9) quantities of gas are to be quantified by reference to their energy content and stated in units of joules or multiples thereof;
  - (10) the electronic accessibility of each *metering installation* must be co-ordinated by the *responsible person* to prevent congestion;
  - (11) *VENCorp* is responsible for creating, maintaining and administering the *metering database*;
  - (12) *Market Participants* are entitled to access to the *metering database* in respect of injections or withdrawal of gas for which they are financially responsible;
  - (13) each *Transmission Pipeline Owner* is entitled to access *metering data* in respect of *metering points* on its *pipeline*;
  - (14) each *Interconnected Pipeline Owner* is entitled to access *metering data* in respect of a *metering point* at a *transfer point* at which its *transmission pipeline* is connected;

- (15) each *Distributor* is entitled to access *metering data* in respect of *metering points* on its *pipeline* and *metering points* at *connection points* between the *transmission system* and its *pipeline*;
- (16) *metering data* used in *settlement* statements is to be validated in accordance with clause 4.4.24;
- (17) other *meters* may be installed by and at the expense of an *affected Participant* and used to check *metering installations* *VENCorp* may at its discretion use data from such other meters where it detects a loss of *metering data* or incorrect *metering data* from a *metering installation*;
- (18) *VENCorp* must maintain *metering data* which is transmitted or otherwise collected from *metering installations* and delivered to the *metering database*:
  - (A) for sixteen months in accessible format; and
  - (B) for seven years in archive; and
- (19) *VENCorp* must establish a registration process to facilitate the application of this clause 4.4 to *Participants* in respect of:
  - (A) new *metering installations*;
  - (B) modifications to existing *metering installations*; and
  - (C) decommissioning of *metering installations*.

required by *VENCorp* for the operation of the *transmission system* or for *settlement*.

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

- (a) Before a *Market Participant* will be permitted by *VENCorp* to inject or withdraw gas at a *connection point* on the *transmission system*:
  - (1) that *connection point* must have a *metering installation*;
  - (2) that *metering installation* must have been installed in accordance with this clause 4.4 and be accurate in accordance with clause 4.4.8; and
  - (3) that *metering installation* must be registered with *VENCorp*.
- (b) *VENCorp* may refuse to permit a *Market Participant* to inject or withdraw gas at a *connection point* on the *transmission system* if the *metering installation* at that *connection point* does not comply with the provisions or requirements of this clause 4.4.
- (c) Before a *Market Participant* can inject gas at a *connection point* on a *distribution pipeline*, or withdraw or supply gas for withdrawal at a *distribution delivery point* from which a tariff D *Customer* purchases gas from a *Retailer* other than the *Customer's Host Retailer*, the *Market Participant* must in respect of that *connection point* or *distribution delivery point*:
  - (1) ensure that there is a *metering installation* at that *connection point* or *distribution delivery point*;
  - (2) ensure that *metering installation* is installed in accordance with this clause 4.4 and is accurate in accordance with clause 4.4.8; and
  - (3) register that *metering installation* with *VENCorp*.
- (d) *VENCorp* may refuse to permit a *Market Participant* to inject gas into a *connection point* on a *distribution pipeline*, or withdraw or supply gas for withdrawal at a *distribution delivery point* where the *Customer* purchases that gas from a *Retailer* other than its *Host Retailer* if

the *metering installation* at that *connection point* or *delivery point* does not comply with the provisions of this clause 4.4.

- (e) Subject to any agreement to the contrary, *VENCorp* may refuse to permit a *Market Participant* to participate in the *market* if that *Market Participant* does not have in force an agreement with a *responsible person* whereby that *Market Participant* contributes to its proportionate share of the costs incurred by that *responsible person* in measuring and testing gas at all *metering installations* for which the *responsible person* is responsible and at which the *Market Participant* has gas injected.
- (f) In clause 4.4.2(e), and subject to any agreement to the contrary:
  - (1) “proportionate share” means a share calculated having regard to the actual quantity of gas injected at the *metering installation* by that *Market Participant* against the total quantity of gas injected at that *metering installation* in any particular *billing period*; and
  - (2) “costs” means the total costs incurred by the *responsible person* in operating and maintaining the *metering installation* and *gas quality monitoring system*,
 and for the avoidance of doubt, *VENCorp* may provide to a *responsible person* for use in calculating the proportionate share of costs pursuant to clause 4.4.2(e), any statement submitted to it by an *Allocation Agent* pursuant to clause 3.5.2.

#### 4.4.3 Responsibility for metering installation

- (a) The person who is responsible for providing a *metering installation* is the *responsible person*.
- (b) Subject to clause 4.4.3(d), the *responsible person* for a *metering installation* at:
  - (1) a *receipt point* on the *transmission system* is the *Transmission Pipeline Owner* associated with that *receipt point*, unless otherwise agreed between that *Transmission Pipeline Owner* and the *Producer* or the *Storage Provider* associated with that *receipt point*, as the case may be;
  - (2) a *transfer point* between one *transmission pipeline* and another *transmission pipeline* is the *Transmission Pipeline Owner* who owns the components that comprise the *metering installation*, unless otherwise agreed between the *Transmission Pipeline Owners* and/or *Interconnected Pipeline Owners* associated with that *transfer point*;
  - (3) a *transfer point* between the *transmission system* and a *distribution pipeline* is the *Transmission Pipeline Owner* associated with that *transfer point* unless otherwise agreed between that *Transmission Pipeline Owner* and the *Distributor* associated with that *transfer point*;
  - (4) a *transmission delivery point* at which a *Transmission Customer* is connected is the *Transmission Pipeline Owner* associated with that *transmission delivery point*, unless otherwise agreed between that *Transmission Pipeline Owner* and that *Transmission Customer*;
  - (5) a *distribution delivery point* at which a *Market Customer* or a *Customer* who is buying gas from a *Retailer* other than the *Customer’s Host Retailer* is connected is the *Distributor* associated with that *distribution delivery point*, unless otherwise agreed by that *Distributor* and the relevant *Market Participant*; and
  - (6) a *receipt point* on a *distribution pipeline* is the *Distributor* associated with that *receipt point*, unless otherwise agreed between the *Distributor* and the *Producer* or the *Storage Provider* associated with that *receipt point* as the case may be.

- (7) a *connection point* between *distribution pipelines* of different *Distributors* is the *Distributor* associated with the *distribution pipeline* that the gas flows principally from unless otherwise agreed between the relevant *Distributors*.
- (c) The agreement of the relevant *Participants* under this clause must not be unreasonably withheld.
- (d) A person who is not a *Participant* may only be the *responsible person* for a *metering installation* if it agrees with *VENCorp* to be bound by this clause 4.4 and such other provisions of these Rules as *VENCorp* may require on such terms as *VENCorp* may reasonably require.
- (e) Where agreement is reached under clause 4.4.3(b), the person who would otherwise be the *responsible person* must immediately advise *VENCorp* of that agreement.
- (f) The reasonable costs of the *responsible person* in meeting the requirements of this clause 4.4 must be borne by the *affected Participant*.

#### 4.4.4 Other responsibilities of a responsible person

The *responsible person* must:

- (a) ensure that its *metering installations* are provided, installed and maintained in accordance with this clause 4.4 and all applicable laws;
- (b) ensure that the accuracy of each of its *metering installations* complies with the requirements of clause 4.4.8;
- (c) ensure that each of its *metering installations* is calibrated in accordance with clause 4.4.9;
- (d) if *VENCorp* requires, arrange for the provision of remote monitoring facilities to alert *VENCorp* or the *responsible person* of any failure of any components of the *metering installation* which might affect the accuracy of the *metering data* derived from that *metering installation* and, in the case of a facility which alerts the *responsible person* rather than *VENCorp*, the *responsible person* must notify *VENCorp* as soon as possible after the *responsible person* becomes aware of such failure; and
- (e) provide to *VENCorp* the information specified in schedule 4.2 for each of its *metering installations*.

#### 4.4.5 Additional metering

Any *affected Participant* may at its own cost provide additional *meters* or similar equipment at or near a *connection point* on the *transmission system* or a *distribution delivery point* in addition to the *metering installation* provided by the *responsible person* at that *connection point* or *distribution delivery point* for the purposes of checking the *metering data* obtained from that *metering installation* or for any other purposes, provided that such equipment:

- (a) does not cause any *Participant* to breach any of the requirements of these Rules;
- (b) complies with all applicable laws; and
- (c) does not interfere with that *metering installation* or affect in any way the integrity or accuracy of the *metering data* provided by the *metering installation*.

#### 4.4.6 Metering installation components

A *metering installation* must:

- (a) be accurate in accordance with clause 4.4.8;
- (b) have facilities to enable *metering data* to be transmitted or otherwise collected from the *metering installation* and delivered to the *metering database*, and be capable of

- communication with the *metering database*, as required and in accordance with clause 4.4.18;
- (c) contain a device which has a visible or an equivalently accessible display of *metering data* or which allows the *metering data* to be accessed and read at the same time by portable computer or other equipment of a type or specification reasonably acceptable to all persons who are entitled to have access to that *metering data* in accordance with clause 4.4.22(a);
  - (d) be secure in accordance with clause 4.4.10;
  - (e) have electronic data recording facilities such that all *metering data* can be measured and recorded in hourly intervals with a date and time stamp being applied for each hourly interval;
  - (f) be capable of separately registering and recording flows in each direction where bi-directional gas flows occur; and
  - (g) have a *meter* having an internal or external *data logger* capable of storing the *metering data* for at least :
    - (1) 35 days, if the *metering installation* enables *VENCorp* to obtain remote access in accordance with clause 4.4.18; or
    - (2) 70 days, if the *metering installation* does not enable remote access by *VENCorp* in accordance with clause 4.4.18.

#### 4.4.7 Location of metering point

The *responsible person* must ensure that the *metering installation* is located as close as practicable to the *connection point* or *distribution delivery point* in relation to which the *metering installation* is being provided (taking into account, amongst other things, the cost of installation and security).

#### 4.4.8 Meter accuracy

- (a) A *metering installation* at a *transmission delivery point* must satisfy the uncertainty limits in schedule 4.1 over its entire range of *flow rates*.
- (b) A *metering installation* at a *distribution delivery point* must satisfy the uncertainty limits set out in the *Distribution System Code* over its entire range of *flow rates*.

#### 4.4.9 Calibration of metering installations

- (a) This clause 4.4.9 applies only to *metering installations* at *system points*.
- (b) The *responsible person* must procure that its *metering installations* are calibrated in accordance with the requirements contained in schedule 4.1.
- (c) *VENCorp* must review the calibration requirements contained in schedule 4.1 within one year after the *commencement date* and at intervals not exceeding one year thereafter and may, following consultation with *Market Participants*, change such requirements. *VENCorp* must *publish* details of any such change and the date upon which the change will take effect.
- (d) The *responsible person* must establish calibration procedures in respect of each of its *metering installations*. The calibration procedures must comply with any requirements which *VENCorp* may from time to time determine.
- (e) *VENCorp* may check calibration results recorded in respect of any *metering installation* and arrange for testing of *metering installations* in order to satisfy itself that the accuracy of each *metering installation* conforms with the requirements of this clause 4.4 or to determine the consistency between the data held in the *metering database* and *metering data* held in a *metering installation*.

- (f) The *responsible person* must make available the results of all tests in respect of its *metering installations* to *VENCorp* and all *affected Participants* as soon as practicable after they have been completed.
- (g) If there is an inconsistency between the data held in a *metering installation* and the data held in the *metering database*, the data in the *metering installation* is to be taken as *prima facie* evidence of the *energy data* derived from that *metering installation*.
- (h) The *responsible person* must permit *VENCorp* and any *affected Participant* to have a representative present to observe the calibration of its *metering installations* and any consequential adjustments.
- (i) The *responsible person* must give *VENCorp* and all *affected Participants* at least fourteen days written notice, or such shorter notice as may be agreed by *VENCorp* and all *affected Participants*, of the proposed hours and date or dates on which a *metering installation* is to be calibrated and the nature of the calibration to be undertaken.
- (j) Each *affected Participant* who wishes to have a representative present to observe a calibration of a *metering installation* must give written notice to the *responsible person* of its intention to have a representative present not less than seven days prior to the date on which that calibration is to be undertaken as specified in the notice referred to in clause 4.4.9(i). The *responsible person* and all *affected Participants* who wish to have a representative present must use all reasonable endeavours to agree upon the time and date at which the calibration will take place and, in the absence of agreement, the calibration will take place at the time specified in the notice given by the *responsible person* pursuant to clause 4.4.9(i).
- (k) If *VENCorp* or an *affected Participant* does not exercise its right under clause 4.4.9(h) to have a representative present, the results of the calibration will be binding on *VENCorp* and that *affected Participant*.
- (l) *VENCorp* and each *affected Participant* may, at all reasonable times, by giving reasonable prior notice to the *responsible person*:
  - (1) inspect the *responsible person's metering installation* and records in respect of a *metering installation*; and
  - (2) require that the *responsible person* conduct a calibration of any *metering equipment* which *VENCorp* or the *affected Participant* reasonably believes is inaccurate.
- (m) The cost of any calibration which the *responsible person* is required to conduct pursuant to clauses 4.4.9(e) or 4.4.9(l) must be borne by the person requiring the calibration if the *metering equipment* is found to be accurate within the applicable accuracy parameters described in schedule 4.1 and by the *responsible person* if found to be outside any of those accuracy parameters.
- (n) The *responsible person* must monitor its *metering installations* on a regular basis in order to ensure that they are operating properly in accordance with this clause 4.4.
- (o) If the *responsible person* becomes aware that the accuracy of a *metering installation* does not comply with the requirements of this clause 4.4 or of any matter which could affect the integrity of the *metering data*, the *responsible person* must:
  - (1) notify all *affected Participants* and *VENCorp* as soon as practicable after it becomes aware of the matter; and
  - (2) arrange for the accuracy of the *metering installation* to be restored or for the *metering installation* to be modified or replaced by such time as *VENCorp* may

reasonably determine so that the *metering installation* meets the requirements of this clause 4.4.

- (p) The *responsible person* must within two *business days* after it becomes aware of any matter described in clause 4.4.9(o) provide a report to *VENCorp* in relation to that matter and, where requested by *VENCorp*, prepare an estimate of the actual quantity of gas transferred through the affected *metering installation*.
- (q) The *responsible person* must notify all *affected Participants* and *VENCorp* if practicable at least seven days prior to, and in any event seven days after, any modification, adjustment, repair or replacement of any of its *metering installations* where such action may have an impact on *metering* accuracy or integrity and such notice must, if applicable, include a record of the readings of the relevant *metering installation* at all relevant times.

#### 4.4.10 Security of metering equipment

- (a) The *responsible person* must use reasonable endeavours to protect the *metering installation* from unauthorised interference both intentional and inadvertent by providing secure housing for *metering* equipment or otherwise ensuring that security at the *metering point* is adequate to protect against such interference.
- (b) If evidence of tampering with a *metering installation* is found by a *Participant*, all *affected Participants* must be notified of that fact by that *Participant* as soon as reasonably possible.
- (c) If a *Participant* finds evidence that the accuracy of the *metering* of a *metering installation* might have been affected by any tampering, then the *responsible person* must test the *metering installation* to ensure that the *metering equipment* operates within the applicable accuracy parameters described in schedule 4.1.
- (d) A *Participant* who interferes with a *metering installation* without the approval of the *responsible person* must pay the *responsible person* its reasonable costs of adjustment, repair, replacement and testing of the *metering installation*.

#### 4.4.11 Security of metering data held in a metering installation

- (a) The *responsible person* must ensure that *metering data* held in a *metering installation* is protected from local or remote electronic access by suitable security electronic access controls (including, if required by *VENCorp*, passwords).
- (b) The *responsible person* must keep secure records of electronic access passwords.
- (c) If required by *VENCorp*, the *responsible person* must allocate 'read-only' passwords for each *metering installation* to *affected Participants* and *VENCorp*, except where separate 'read-only' and 'write' passwords are not available, in which case the *responsible person* must allocate a password to *VENCorp* only.
- (d) The *responsible person* must hold 'read-only' and 'write' passwords.

#### 4.4.12 Changes to metering parameters and settings

Changes to parameters or settings within a *metering installation* which may affect the accuracy of *metering data* must be:

- (a) notified to *VENCorp* by the *responsible person* at least two *business days* before the change (other than a change made as a result of a calibration carried out pursuant to this clause 4.4) is made;
- (b) confirmed to *VENCorp* by the *responsible person* within two *business days* after the change has been made; and
- (c) recorded by *VENCorp* in the *metering register*.

#### 4.4.13 Energy metering and measurement

- (a) The *responsible person* must ensure that the *metering installation* is capable of determining quantities of gas and where relevant the energy content of volumes of gas flowing through the relevant *metering point* in accordance with this clause 4.4.13.
- (b) A *metering installation* at a *connection point* on the *transmission system* must be capable of determining the energy content of quantities of gas flowing through the *metering point* unless otherwise agreed by *VENCorp* and the *responsible person*.
- (c) A *metering installation* at a *distribution delivery point* must be capable of measuring the volume of gas flowing through the *metering point* unless *VENCorp* reasonably requires that *metering installation* also to be capable of determining the energy content of quantities of gas flowing through the *metering point*.
- (d) For avoidance of doubt, where a *metering installation* measures only the volume of gas flowing through the *metering point*, the determination of the energy content of the quantities of gas flowing will be done within the *metering database*.
- (e) The energy content of quantities of gas flowing through a *metering point* at each *metering installation* whether calculated within the *metering installation* or within the *metering database* must be calculated in accordance with American Gas Association Report no. 7 (measurement of gas by turbine meters), American Gas Association Report no. 8 (compressibility factors of natural gas and other related hydro-carbon gas) and ISO6976 (calculation of calorific value, density, relative density and wobble index from gas composition) unless the *responsible person*, the *affected Participants* and *VENCorp* agree otherwise.
- (f) Where the energy content of quantities of gas flowing through a *metering point* is calculated within a *metering installation* it must be calculated using heating value and gas composition data collected from the *metering installation* or, if the data is not available from the *metering installation*, using data transmitted to the *metering installation* from the *metering database*.
- (g) The source of data used for determining the energy content of gas flowing through a *metering point* at a *metering installation* (including heating value, gas composition and relative density) must be determined by *VENCorp*, after consultation with the *responsible person*.
- (h) In determining the appropriate source of data which *VENCorp* must make available to the *responsible person* to enable the *responsible person* to calculate the energy content of quantities of gas in accordance with this clause 4.4.13, *VENCorp* must have regard to the proximity of the source of the data to the relevant *metering installation*.
- (i) In determining the heating values to be applied to the calculation of the energy content of quantities of gas, *VENCorp* must use reasonable endeavours to ensure that the uncertainty limits specified in schedule 4.1 are satisfied.
- (j) Unless *VENCorp* and the *responsible person* agree otherwise, data made available by *VENCorp* to the *responsible person* for the purpose of calculating the energy content of quantities of gas flowing through a *metering point* must be averaged for one hour and applied by the *responsible person* for the purpose of measuring the energy content of quantities of gas flowing through the *metering point* in the next hour.
- (k) Each *metering installation* must be capable of recording *metering data* in hourly intervals.

#### **4.4.14 Performance of metering installations**

- (a) The *responsible person* must use all reasonable endeavours to procure that *metering data* is able to be transmitted or otherwise collected and delivered to the *metering database* from its *metering installations*:

- (1) within the applicable accuracy parameters described in schedule 4.1 for *metering installations* at *transmission delivery points*, and in the *Distribution System Code* for *metering installations* at *distribution delivery points*;
  - (2) within the time required for *settlement*, at a level of availability of at least 99% per annum in the case of *metering installations* (excluding the *communication link*);
  - (3) within the time required for *settlement*, at a level of availability of at least 95% per annum in the case of the *communication link*; and
  - (4) in accordance with the requirements of clause 4.4.18,  
or as otherwise agreed between *VENCorp* and the *responsible person*.
- (b) If a *metering installation* malfunction or defect occurs, the *responsible person* must procure that repairs must be made to the *metering installation* as soon as practicable and in any event within two days, unless *VENCorp* otherwise agrees.
- (c) A *Participant* who becomes aware of a *metering installation* malfunction or other defect must advise *VENCorp* as soon as practicable.

#### 4.4.15 Meter Time

- (a) The *responsible person* must ensure that all *metering installation* and *data logger* clocks are referenced to Eastern Standard Time.
- (b) The *metering database* must be set within an accuracy of plus or minus two seconds of Eastern Standard Time for a *system point* other than a *transmission delivery point* and within an accuracy of plus or minus five seconds of Eastern Standard Time for a *transmission delivery point* and a *distribution delivery point*.

#### 4.4.16 Pulse output facilities

- (a) Within a reasonable time of being requested by an *affected Participant* or *VENCorp*, the *responsible person* must provide pulse outputs representing the quantities of gas measured for use by the *affected Participant* in controlling its production or consumption of gas or by *VENCorp* for any system operation purpose.
- (b) The person requesting the pulse output under clause 4.4.16(a) must pay the *responsible person's* reasonable costs relating to the provision of the pulse output.

#### 4.4.17 Changes to metering data

The *responsible person* must not make, and must use reasonable endeavours to ensure that no other person makes, any alteration to the original stored data in a *metering installation*.

#### 4.4.18 Data transfer and collection

- (a) *VENCorp* must collect *metering data* from all *metering installations* from which *metering data* is required for *settlement* purposes unless otherwise agreed by *VENCorp* and the *affected Participants*.
- (b) Each *Participant* must use its reasonable endeavours to ensure that *VENCorp* is given access to, or is provided with, the *metering data* referred to in clause 4.4.18(a).
- (c) The *responsible person* must, at its own cost, ensure that *metering data* derived from a *metering installation* for which it is responsible shows the time and date at which it is recorded and is capable of being transmitted or otherwise collected from the *metering installation* and delivered to the *metering database* in accordance with *VENCorp's*

reasonable requirements and in accordance with *VENCorp's metering communications procedures*.

- (d) Without prejudice to the generality of clause 4.4.18(c), the *responsible person* must ensure that each of its *metering installations* contains such communication equipment as *VENCorp* may reasonably require to:
  - (1) enable *metering data* to be transmitted to the *metering database*; and
  - (2) enable *VENCorp* to obtain remote access to the *metering data* from the *metering database*,for the purpose of *VENCorp's* operation of the *transmission system*, for determination of *settlement* and/or for maintaining metering integrity.
- (e) The transfer of *metering data* from the *metering installation* of the *metering database* shall occur hourly unless otherwise agreed by *VENCorp* and the *affected Participants*.

#### 4.4.19 Installation databases

- (a) The *responsible person* must create, maintain and administer an *installation database* in relation to all its *metering installations*.
- (b) The *responsible person* must ensure that each *affected Participant* and *VENCorp* is given access to the information specified in clause 4.4.19(c) in its *installation database* at all reasonable times and:
  - (1) in the case of data sixteen months old or less, within two *business days* of receiving written notice from the person seeking access; and
  - (2) in the case of data more than sixteen months old, within thirty days of receiving written notice from the person seeking access.
- (c) The *responsible person* must ensure that its *installation database* contains the information specified in schedule 4.3.
- (d) The *responsible person* must ensure that the information specified in clause 4.4.19(c) is stored in its *installation database*:
  - (1) in accessible format for sixteen months; and
  - (2) in archive, for seven years or for the life of the relevant *meter*, whichever is longer.

#### 4.4.20 Metering database

- (a) *VENCorp* must create, maintain and administer a *metering database* containing information for each *metering installation* registered with *VENCorp*.
- (b) *VENCorp* may appoint an agent from time to time to create, maintain and administer the *metering database*.
- (c) *VENCorp* must use its reasonable endeavours to procure that the *metering database* is accessible by all *affected Participants* at all reasonable times and:
  - (1) in the case of data sixteen months old or less, within four hours of receiving a written request from an *affected Participant*; and
  - (2) in the case of data more than sixteen months old, within two *business days* of receiving a written request from an *affected Participant*.
- (d) The *metering database* must include *metering data*, *energy data*, *energy calculations*, gas quality data, data substituted in accordance with this clause 4.4 or data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules* and all calculations made for *settlement* purposes.

- (e) Data must be stored in the *metering database*:
  - (1) for 16 months in accessible format; and
  - (2) for 7 years in archive.
- (f) Rights of access to data held in the *metering database* are set out in clause 4.4.22.

#### 4.4.21 Register of metering information

- (a) As part of the *metering database*, *VENCorp* must maintain a *metering register* of all *metering installations* which provide *metering data* used by *VENCorp* for *settlement* purposes.
- (b) The *metering register* referred to in clause 4.4.21(a) must contain the information specified in schedule 4.2.
- (c) If the information in the *metering register* indicates that a *metering installation* does not comply with the requirements of this clause 4.4:
  - (1) *VENCorp* must advise all *affected Participants* and the *responsible person* of that fact; and
  - (2) the *responsible person* must procure that the *metering installation* complies with the requirements of this clause 4.4 within two *business days* after the date of the notice unless otherwise agreed by *VENCorp*.

Clauses 4.4.21(ca). (d) and (e) deleted by notice placed in the Government Gazette dated 24 October 2002.

#### 4.4.22 Rights of access to metering data

- (a) The only persons entitled to have either direct or remote access to *metering data* from a *metering installation*, the *metering database* or the *metering register* in relation to a *metering point* are:
  - (1) each *Market Participant* whose *settlement amounts* are determined by reference to quantities of gas flowing through that *metering point*;
  - (2) the *responsible person* who is responsible for the *metering installation* at that *metering point*;
  - (3) a *Transmission Pipeline Owner* or *Interconnected Pipeline Owner* whose *pipeline* is connected to the *metering installation* at that *metering point*;
  - (4) the *Distributor* whose *pipeline* is connected to the *metering installations* at that *metering point*;
  - (5) *VENCorp* and its authorised agents; and
  - (6) the *Allocation Agent* appointed in respect of a *system injection point* or a *system withdrawal point* to which that *metering point* relates.
- (b) Notwithstanding clause 4.4.22(a), a *Transmission Customer* is entitled to have either direct or remote access to *metering data* from a *metering installation* at a *transmission delivery point* for that *Transmission Customer*.
- (c) Provided that the relevant *Customer* has consented, a *Retailer* is entitled to have access to historical data relating to a *Customer* who has transferred to that *Retailer* from another *Retailer* in relation to the period prior to the date on which that *Customer* transferred to that *Retailer*.

- (d) Electronic access to *metering data* from a *metering installation* shall only be provided where passwords are allocated in accordance with clause 4.4.11 otherwise access to *metering data* shall be from the *metering database*.
- (e) The *responsible person* must ensure that access to *metering data* from the *metering installation* by persons referred to in clause 4.4.22(a) is scheduled appropriately to ensure that congestion does not occur.
- (f) The *responsible person* must ensure that all persons referred to in clause 4.4.22(a) have access to the *metering data* provided by its *metering installations* at all reasonable times and on reasonable notice.
- (g) If remote access is required under clause 4.4.18(d) and is unavailable for a period of five consecutive *business days*, the *responsible person* must, if requested by any person referred to under clause 4.4.22(a), at its own cost, obtain readings locally from the *metering installation* and provide those readings to all persons with rights of access under clause 4.4.22(a).

#### 4.4.23 Payment for access to metering data

All reasonable costs (including, without limitation, telecommunications charges) incurred by the *responsible person* in providing access to *metering data* at a *metering installation* or by *VENCorp* in providing access to information in the *metering database* must be paid by the *Participant* to whom the *metering data* or information was provided.

#### 4.4.24 Data validation and substitution

- (a) *VENCorp* is responsible for the validation and substitution of *metering data*.
- (b) *VENCorp* must develop data validation processes for *metering data* in consultation with *Participants*.
- (c) If *VENCorp* detects a loss of *metering data* or incorrect *metering data* from a *metering installation*, it must notify all *affected Participants* of the fact and of details of the loss or error detected as soon as reasonably practicable and in any event at the time the next *settlement statement* is issued in respect of that *metering point*.
- (d) If:
  - (1) any *metering* equipment at a *metering installation* is removed from service; or
  - (2) any *metering data* is found to be inaccurate or incorrect; or
  - (3) calibration of any *meter* at a *metering installation* reveals a measurement error which exceeds the *metering substitution threshold* applicable to that *meter*; or
  - (4) calibration of any *meter* at a *metering installation* reveals a measurement error which is less than the *metering substitution threshold* applicable to that *meter* and, in *VENCorp's* reasonable opinion, a *Participant* would be materially and adversely affected if no substitution was made pursuant to this clause; or
  - (5) *metering data* is not transmitted or otherwise collected from a *metering installation* and delivered to the *metering database* within the time required for *settlement*,

*VENCorp* must adopt substitute readings in accordance with this clause 4.4.24.
- (e) If substituted readings are required pursuant to clauses 4.4.24(d)(3) or (4) and *VENCorp* is not aware of the time at which the error arose, then the substitution must be made for the period which is the shorter of:
  - (1) the period from the time half-way between the time of the most recent calibration which demonstrated that the *meter* complied with the requirements of this clause 4.4 and the time when the error was corrected; and

- (2) the period commencing on the date six months prior to the date on which the error was corrected; and
  - (3) such other period expiring on the date on which the error was corrected, being a period of less than six months, which *VENCorp* considers to be fair and reasonable.
- (f) If *VENCorp* is required to make substituted readings pursuant to clause 4.4.24(d), *VENCorp* must:
  - (1) determine the period of substitution (in accordance with clause 4.4.24(e) if applicable);
  - (2) calculate the substituted readings in accordance with clause 4.4.24(h);
  - (3) replace all readings derived from the relevant *metering* equipment during such period of substitution with such substituted readings; and
  - (4) notify all *affected Participants* as soon as reasonably practicable after the substitution has been completed.
- (g) If an *affected Participant* disputes a substitution made by *VENCorp* pursuant to this clause 4.4.24, the following provisions apply:
  - (1) the *affected Participant* must give notice of the dispute and the matters dispute to *VENCorp*;
  - (2) as soon as reasonably practicable after receiving a notice pursuant to paragraph (1), *VENCorp* must give notice of the dispute and the matters disputed to each *affected Participant*;
  - (3) the *affected Participants* must use their reasonable endeavours to resolve the dispute and agree the substituted readings; and
  - (4) if the dispute has not been resolved by the *affected Participants* on or before the second *business day* prior to the next date on which *VENCorp* is required to issue *final statements*, *VENCorp* must use the substituted readings determined by it pursuant to clause 4.4.24(i) and the dispute must be referred to the *Adviser* for resolution in accordance with clause 7.2.
- (h) If substituted readings are required pursuant to this clause 4.4.24, they must be determined in the following order of priority:
  - (1) if and to the extent that the *responsible person* is able to provide actual readings from the relevant *meter* for the period of substitution by manually reading the *meter*, those readings must be used for the purposes of determining the substituted readings;
  - (2) if and to the extent that *meter* readings are available from another *meter* provided for the purposes of checking *metering data* pursuant to clause 4.4.5 and that *meter* complies with the accuracy requirements for the related *metering installation*, those readings must be used for the purposes of determining the substituted readings; and
  - (3) if and to the extent that *meter* readings are not available in accordance with clauses 4.4.24(h)(1) and (2), *VENCorp* may use any or all of the following methods for providing data for the purposes of determining the substituted readings:
    - (A) *VENCorp* may use readings available from any other *meter* which may reflect the flow of gas through the relevant *metering point*, whether or not such *meter* complies with the requirements of this clause 4.4;

- (B) *VENCorp* may use trend data recorded by *VENCorp*, the *responsible person* or any other *affected Participant* where, in *VENCorp's* reasonable opinion, such data gives a good approximation of the actual measurement;
- (C) *VENCorp* may correct the reading which is required to be substituted if the deviation from the accurate reading is ascertainable by calibration or mathematical calculation;
- (D) *VENCorp* may estimate readings based upon readings from the same *meter* under similar conditions during a period when the *meter* was registering accurate readings; or
- (E) *VENCorp* may use such other method as *VENCorp* may consider fair and reasonable in the circumstances.

#### 4.4.25 Confidentiality

*Metering data* and data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules* and passwords are confidential and each *Participant* must ensure that they are treated as *confidential information* in accordance with these Rules.

#### 4.4.26 Use of meters

- (a) *Metering data* must be used by *VENCorp* as the primary source of data for *settlement* purposes or data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules*.
- (b) Notwithstanding any other provision of this clause 4.4, *VENCorp* shall not be liable to any person in respect of any inaccuracies, discrepancies or other defects in *metering data* and data provided to *VENCorp* for *settlement* purposes in accordance with the *Retail Gas Market Rules*, including *metering data* which is stored in the *metering database*.
- (c) Where a *metering installation* is used for purposes in addition to the provision of *metering data* to *VENCorp* then:
  - (1) that use must not be inconsistent with, or cause any *Participant* to breach, any requirements of these Rules or any applicable laws; and
  - (2) the *responsible person* must coordinate with the persons who use the *metering installation* for such other purposes to ensure that clause 4.4.26(c)(1) is complied with.

#### 4.4.27 Evolving technologies and processes and development of the market

- (a) Evolving technologies or processes that:
  - (1) meet or improve the performance and functional requirements of this clause 4.4; or
  - (2) facilitate the development of the *market*,may be used in relation to a *metering installation* if agreed between the *affected Participants* and *VENCorp* (such agreement not to be unreasonably withheld).

Clause 4.4.27(b) deleted by notice placed in the Government Gazette dated 24 October 2002.

#### 4.4.28 Review of the metering provisions

No later than two years after the *commencement date* and at intervals not exceeding two years thereafter, *VENCorp* must undertake a review of the provisions of clause 4.4 in accordance with the *public consultation procedures*, including but not limited to:

- (a) new technologies and the impact of new technologies on and in relation to technical standards for metering in these Rules;
- (b) contestability in the type of *meters* used; and
- (c) whether the provisions of clause 4.4 have the effect of eliminating the use of alternative types of meters.

**SCHEDULE 4.1 METERING UNCERTAINTY LIMITS AND CALIBRATION REQUIREMENTS****1. Uncertainty limits for measuring volume**

The table below sets out the uncertainty limits required to be met by the *responsible person* for *metering installations for transfer points on the transmission system*.

<b>Category</b>	<b>Flow rate range(scmh)</b>	<b>Uncertainty limits (volume)</b>
<b>A</b>	>300,000	±0.7%
<b>B</b>	>40,000 ≤300,000	±1.0%
<b>C</b>	>4,000 ≤40,000	±1.5%
<b>D</b>	≤4,000	±2.5%

**2. Calibration requirements**

The table below sets out the frequency with which the calibration must be carried out by the *responsible person*.

<b>Category</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<i>Peak flow rate</i> (scmh)	>300,000	>40,000 ≤300,000	>4,000 ≤40,000	≤4,000
Minimum pressure and temperature transmitter calibration frequency	Quarterly	Six-monthly	Annually	Annually or as otherwise agreed with VENCORP
Remote <i>meter</i> fault detection surveillance frequency	Daily by exception	Daily by exception	Daily by exception	Daily by exception
In situ <i>meter</i> proving frequency	Annually Note: for ultrasonic <i>meters</i> by electronic means	Annually Note: for ultrasonic <i>meters</i> by electronic means	Annually or as otherwise agreed with VENCORP. Note: for ultrasonic <i>meters</i> by electronic means	Annually or as otherwise agreed with VENCORP

### 3. Uncertainty limits for energy calculations

The table below sets out the uncertainty limits required to be achieved in calculating energy values at *transfer points* on the *transmission system*. These limits have been developed to be applicable to a market based on a daily *trading interval*. Should the *market* adopt a different *trading interval*, these limits will need to be reviewed.

<b>Category</b>	<b>Flow rate range(scmh)</b>	<b>Uncertainty limits (energy)</b>
<b>A</b>	>300,000	±1.0%
<b>B</b>	>40,000 ≤300,000	±1.5%
<b>C</b>	>4,000 ≤40,000	±2.0%
<b>D</b>	≤4,000	±3.0%

## SCHEDULE 4.2 METERING REGISTER

### 1. General

- (a) The *metering register* forms part of the *metering database* and holds *metering* information relating to *metering installations*.
- (b) The purpose of the *metering register* is to facilitate:
  - (1) the registration of *system points*, *distribution delivery points*, *metering points* and *affected Participants*;
  - (2) the verification of compliance with these Rules; and
  - (3) the audit flow of changes to the registered information.

### 2. Metering register information

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

- (a) *Meter* identification:
  - (1) *metering installation* reference number (MIRN);
  - (2) logical meter identification - if a logical meter; and
  - (3) logical meter algorithm - if a logical meter.
- (b) Location in *market*:
  - (1) CTM group identification;
  - (2) heating value zone;
  - (3) UAFG zone;
  - (4) *pricing zone*;
  - (5) *system withdrawal zone*;
  - (6) injection point;
  - (7) TUoS zone;
  - (8) hub identification;
  - (9) hub flow direction;
  - (10) transmission or distribution *connection point* identification;
  - (11) base load; and
  - (12) temperature sensitivity factor.
- (c) Associated parties:
  - (1) *metering data* agency identification;
  - (2) *responsible person* identification;
  - (3) *Market Participant* settling account identification;
  - (4) host *Retailer* identification;
  - (5) supplying *Retailer* identification;
  - (6) relevant *Distributor* identification;
  - (7) *Allocation Agent* identification; and

- (8) supplier of last resort identification.
- (d) Data validation and substitution processes agreed between *affected Participants*, including:
  - (1) algorithms;
  - (2) data comparison techniques
  - (3) processing and alarms; and
  - (4) alternate data sources.
- (e) Meter information:
  - (1) Meter type
  - (2) Meter size
  - (3) Meter maximum capacity

## SCHEDULE 4.3 INSTALLATION DATABASE

Each *installation database* must contain the following installation information and such other installation information as specified by *VENCorp*:

- (a) *Metering point* reference details, including:
  - (1) locations and reference details (eg drawing numbers);
  - (2) site identification names;
  - (3) details of *affected Participants* associated with the *system point*;
  - (4) the *responsible person*;
  - (5) meter installation registration number (MIRN);
  - (6) base load;
  - (7) temperature sensitivity factor; and
  - (8) *Customer* characterisation.
- (b) The identity and characteristics of *metering* equipment including:
  - (1) serial numbers;
  - (2) *metering installation* identification name;
  - (3) *metering installation* types and models;
  - (4) current test and calibration programme details, test results and references to test certificates;
  - (5) calibration tables, where applied to achieve *metering installation* accuracy; and
  - (6) data register coding details.
- (c) Data communication details, including:
  - (1) telephone number(s) (or frequency details in the case of telemetric equipment) for access to data;
  - (2) communication equipment type and serial numbers;
  - (3) communication protocol details or references;
  - (4) data conversion details;
  - (5) user identifications and access rights; and
  - (6) “write” password (to be contained in a hidden or protected field).

## **CHAPTER 5. MARKET INFORMATION AND SYSTEM PLANNING**

## 5.1 MARKET INFORMATION

### 5.1.1 Provision of information

- (a) The provisions of this clause 5.1 are subject always to the rights and obligations of *VENCorp* and *Participants* in relation to *confidential information* as set out in clause 5.4.
- (b) In addition to any specific obligation or power of *VENCorp* under these Rules to provide information, *VENCorp* must make available to *Market Participants* on request any information concerning the operation of the *market* and may charge a fee reflecting the cost of providing any information under this clause 5.1.1(b).
- (c) *VENCorp* must make available to the public on request information in respect of the *market price* and, where requested and available, reasons for any significant movements in the *market price*.

### 5.1.2 Systems and procedures

- (a) All information, including *nominations* and *inc/dec offers* where relevant, which must be provided by *Participants* to *VENCorp* under these Rules and information which must be provided by *VENCorp* to *Participants* under these Rules must be provided by means of an *electronic communication system* unless otherwise specified in these Rules or approved by *VENCorp*.
- (b) Where information is provided by means of an *electronic communication system*, that information must be provided by using the templates supplied in the *electronic communication system* unless otherwise approved by *VENCorp*.
- (c) If possible, information provided to *VENCorp* must be *time stamped* by *VENCorp* on receipt by *VENCorp's electronic communication system* and if stamped, is deemed to be provided at the time indicated by the *time stamp*.
- (d) Information is deemed to be *published* by *VENCorp* when the information is placed on the *market information bulletin board*.
- (e) Before the *commencement date* and following consultation with *Participants*, *VENCorp* must develop *electronic communication procedures* under which:
  - (1) information, including *nominations* and *inc/dec offers* where relevant, must be provided by *Participants* to *VENCorp*;
  - (2) information must be provided by *VENCorp* to *Participants*; and
  - (3) information *published* on the *market information bulletin board* may be accessed by *Market Participants*.
- (f) Following consultation with *Participants*, *VENCorp* may review and alter:
  - (1) the requirements for *electronic communication systems*; and
  - (2) *electronic communication procedures*,from time to time.

### 5.1.3 Participant data

*VENCorp* must establish, maintain, update as *VENCorp* considers reasonably necessary from time to time, and *publish*:

- (a) a list of all *Participants* identifying those of them that are *Market Participants*;
- (b) a list of all applications to become a *Participant* identifying those of them that are applications to become a *Market Participant*;

- (c) a list of all *Participants* who will cease to be *Participants* and the time that each listed *Participant* will cease to be a *Participant*; and
- (d) a list of all *Market Participants* who are suspended and the time at which each listed *Market Participant* was suspended.

#### 5.1.4 Spot market

- (a) *VENCorp* must *publish preliminary operating schedules* and *final operating schedules* in accordance with and at the times specified in clause 3.1.
- (b) Each *preliminary operating schedule* and *final operating schedule* must include the following details for the relevant *gas day* in respect of the *transmission system* unless otherwise specified below:
  - (1) forecasts of the most probable peak daily demand and peak hourly demand and the times at which those peaks are forecast to occur;
  - (2) forecasts of peak hourly demand which *VENCorp* predicts to have a 10% and 90% probability respectively of being exceeded and the time at which those peaks are forecast to occur;
  - (3) forecasts of the aggregate total demand for each *trading interval*;
  - (4) forecast aggregate supply availability for each *trading interval*;
  - (5) details of forecast threats to *system security*, including the forecast time, location and extent of each such threat;
  - (6) forecasts of the *market price* for each *trading interval* and each *pricing zone*; and
  - (7) details of the expected sensitivity of the forecast *market prices* to changes in the forecast demand or supply availability;
  - (8) forecast locational prices for each hour of the *gas day*;
  - (9) forecast *EoD linepack*; and
  - (10) the linepack which *VENCorp* requires in respect of that *gas day*.
- (c) If *VENCorp* considers there to be a significant change in a forecast *market price*, *VENCorp* must identify and, as soon as practicable, *publish* the cause of such a change, including but not limited to the impact of any change.
- (d) As soon as practicable after the end of each *trading interval*, *VENCorp* must *publish* its best estimate of the *market price* for that *trading interval*.
- (e) By 4.00pm each day, *VENCorp* must *publish* for each *trading interval* in the previous *gas day*:
  - (1) the *market price*;
  - (2) the aggregate quantity of withdrawals of gas from each *system withdrawal zone* or such other area that *VENCorp* considers appropriate having regard to the commercial sensitivity of information relating to the demand and consumption patterns of *Customers* and the requirements of clause 5.2.4(f);
  - (3) without limitation, prices and quantities of gas specified in *inc/dec offers*;
  - (4) aggregate quantities of gas specified in *nominations*;
  - (5) details of the total quantity of gas injected into the *transmission system* at each *system injection point*;

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

Sub-clause 5.1.4.(e)(7) deleted by notice published in the Government Gazette dated 28 February 2002

- (8) details of any operational irregularities which arose including, for example, any circumstances in which, in *VENCorp's* reasonable opinion, there was evidence of a failure to follow *scheduling instructions*.

#### 5.1.5 Public information

- (a) Each day, all information relating to the operation of the *market* that *VENCorp* is required to *publish* in accordance with these Rules must be made available by *VENCorp* via an electronic communications medium.
- (b) If *VENCorp* makes information available under clause 5.1.5(a) by a means other than the internet, *VENCorp* may, at its discretion, charge a fee for access to that information provided that such fee reflects *VENCorp's* costs of providing that information.
- (c) *VENCorp* must make available for purchase by any person at reasonable cost the current *annual planning review* prepared pursuant to clause 5.2.2 from the date on which it is *published*.

#### 5.1.6 Information records

*VENCorp* must retain all information provided to it under these Rules for at least seven years in a form it deems appropriate for reasonable access.

#### 5.1.7 Market audit

- (a) *VENCorp* must arrange for a *Review* to be conducted at least annually by a *Market Auditor*.
- (aa) *VENCorp* shall appoint a *Market Auditor* who in *VENCorp's* reasonable opinion is independent and suitably qualified to conduct the required *Review*.
- (b) The *Review* must examine compliance by *VENCorp* with its procedures and the effectiveness and appropriateness of systems utilised in the operation of the *market*, including but not limited to:
  - (1) the calculations and allocations performed by the *metering* and *settlements* systems;
  - (2) billing and information systems;
  - (3) the *scheduling* and pricing processes;
  - (4) processes for software management;
  - (5) the *linepack account*; and
  - (6) *VENCorp's* compliance with these Rules.
- (ba) *VENCorp* must establish and implement a consultative process that enables *Market Participants* to provide input into the development of the scope of the *Review* on an annual basis.

- (c) *VENCorp* must ensure that the person who conducts the *Review* prepares a report in which the results of the *Review* are set out.
- (d) The report prepared by the *Market Auditor* in accordance with clause 5.1.7(c) must be made available by *VENCorp* to *Participants* on request.

## 5.2 FORECASTS AND PLANNING AND MAINTENANCE REVIEWS

### 5.2.1 Purpose

- (a) Under this clause 5.2:
  - (1) *Participants* are required to provide information to *VENCorp* in relation to certain aspects of their operations in accordance with clauses 5.2.4(b), (c) and (d); and
  - (2) *VENCorp* is required to use the information disclosed to it by *Participants* to:
    - (A) prepare and provide to *Participants* *annual planning reviews* for the purposes set out in clauses 5.2.1(b) and (c); and
    - (B) coordinate the *maintenance* operations of *Transmission Pipeline Owners* and *Storage Providers* to ensure that *system security* is maintained and is not threatened by the *maintenance* of *pipeline equipment*.
  
- (b) *VENCorp* is required to provide *annual planning reviews* under clause 5.2.2 for the purpose of allowing *Participants* to make informed decisions relating to:
  - (1) planning for capital investments;
  - (2) developing *market* strategies;
  - (3) *maintenance*;
  - (4) storage;
  - (5) *pipeline* operation; and
  - (6) pricing.

[Clause 5.2.1(c) deleted: By Notice published in the Government Gazette G7, dated 15 February 2001, effective from 21 February 2001]

- (d) *VENCorp* must use its reasonable endeavours to ensure that the *annual planning reviews* it prepares under this clause 5.2 accurately reflect the information provided to *VENCorp* by *Participants* under clauses 5.2.4(b), (c) and (d), but in no circumstances is *VENCorp* to be liable for any loss or damage suffered or incurred by a *Participant* or any other person as a consequence of any error, omission or inaccuracy in an *annual planning review*.

### 5.2.2 Annual planning reviews

- (a) By no later than 30 November each year, *VENCorp* must:
  - (1) prepare an *annual planning review* in accordance with this clause 5.2.2; and
  - (2) provide to each *Participant* and the *Regulator* a copy of that *annual planning review*.
  
- (b) Each *annual planning review* must contain annual forecasts by *system withdrawal zone* of the matters set out in clause 5.2.2(c) for each year of the five years and for each month of the twelve months in the period commencing from 1 January in the year immediately following the year in which the *annual planning review* is provided to *Participants*.

- (c) *Annual planning reviews* prepared by *VENCorp* must include forecasts by *system withdrawal zone* in respect of the following matters:
  - (1) most probable peak daily and hourly demands under average demand conditions and when those peak demands will occur;
  - (2) most probable peak daily and hourly demands under peak demand conditions (or such other planning criteria as *VENCorp* may determine) and when those peak demands will occur;
  - (3) total demand;
  - (4) available and prospective supply and the source of that supply;
  - (5) any *expansions* of, and *extensions* to, the *transmission system*;
  - (6) *transmission system* capacity;
  - (7) the acceptable range of minimum and maximum pressures at such *transmission system* locations as *VENCorp* considers appropriate;
  - (8) storage capacities and inventories;
  - (9) storage operating parameters including but not limited to injection and withdrawal rates and pressures and the sustainability of those rates and pressures; and
  - (10) mismatches between supply, demand and capacity.
- (d) When preparing an *annual planning review* *VENCorp* must:
  - (1) take into account:
    - (A) the information provided by *Participants* under clauses 5.2.4(b), (c) and (d);
    - (B) anticipated future growth in the demand for gas in Victoria; and
    - (C) committed projects for new or additional *gas production facilities* or *extension* or *expansion* of a *transmission system* or a *distribution pipeline*; and
  - (2) subject to clause 5.2.4(f), *publish* the assumptions upon which it bases its *annual planning reviews*.
- (e) If *VENCorp* becomes aware of any information that materially alters the most recently *published annual planning review*, *VENCorp* must update that *annual planning review* as soon as practicable, and provide *Participants* with the details of that update.

[Clause 5.2.3 deleted: By Notice published in the Government Gazette G7, dated 15 February 2001, effective from 21 February 2001]

#### **5.2.4 Participant disclosure obligations**

- (a) All *Participants* must provide to *VENCorp* forecasts in respect of the matters set out in clause 5.2.4(b) as follows:
  - (1) annual forecasts for each year in the five year period commencing on 1 January in each year must be provided to *VENCorp* by 30 September in the immediately preceding year; and

- (2) monthly forecasts for each month in the twelve month period commencing on 1 January in each year must be provided to *VENCorp* by 30 September in the immediately preceding year.
- (b) Information supplied by each *Participant* must include forecasts in respect of the following matters, where relevant:
  - (1) available and prospective supply available to that *Participant* and the source of that supply;
  - (2) storage capacities and inventory available to that *Participant*;
  - (3) gas supply, storage, transmission and distribution projects, including *pipeline extensions* and *expansions*; and
  - (4) storage operating parameters, including injection and withdrawal rates and pressures and sustainability of those rates and pressures.
- (c) *Market Customers* and *Distributors* must include the following additional forecasts, where relevant, with the information provided to *VENCorp* under clause 5.2.4(a):
  - (1) most probable peak daily demand and peak hourly demand in respect of each *system withdrawal zone*; and
  - (2) anticipated material constraints on the capacity of the *distribution pipeline* in respect of each *system withdrawal zone*, where that constraint is likely to have an effect on the operation of the *transmission system*.
- (d) *Transmission Pipeline Owners* and *Storage Providers* must include the following additional forecasts, where relevant, with the information provided to *VENCorp* under clause 5.2.4(a):
  - (1) the availability of *pipeline equipment*;
  - (2) details of any constraints on the availability of *pipeline equipment*;
  - (3) the time and duration of any proposed *maintenance*;
  - (4) full details of the proposed *maintenance*;
  - (5) the longest period likely to be required to recall into operation relevant *pipeline equipment* during the course of *maintenance*; and
  - (6) operational requirements for *maintenance* which is to be performed including:
    - (A) the gas pressure under which the *maintenance* will be performed;
    - (B) gas requirements for testing; and
    - (C) compressor test operations required,

and this additional information must be provided to *VENCorp* in accordance with clause 5.2.4(a) and also in the form of week-ahead forecasts commencing from Monday in each week which must be provided to *VENCorp* by no later than the immediately preceding Wednesday.
- (e) A *Participant* must notify *VENCorp* as soon as practicable having regard to the nature of the change if it becomes aware of a material change to information previously provided under clauses 5.2.4(b), (c) and (d).
- (f) Subject always to clause 5.2.4(g), information provided to *VENCorp* under this clause 5.2.4 is *confidential information* and is subject to the confidentiality provisions set out in clause 5.4 and *VENCorp* must comply with the confidentiality obligations imposed on *VENCorp* under clause 5.4 when dealing with information provided to it under this clause 5.2.4.

- (g) Nothing in clause 5.2.4(f) is to be read or construed as restricting *VENCorp* from:
  - (1) assessing the information provided by *Participants* under this clause 5.2 and including an aggregation of that information in any report which *VENCorp* is required to prepare under this clause 5.2; or
  - (2) preparing, *publishing* or making available any report which it is required to prepare under this clause 5.2.
- (h) *Participants* must provide the information required under this clause 5.2.4 in good faith and must take all reasonable measures to ensure that the information is accurate.

### 5.2.5 Disclosure exemptions

- (a) *VENCorp*, in its absolute discretion, may exempt a *Participant* from all or any of the disclosure obligations under clauses 5.2.4(b), (c) and (d).
- (b) *VENCorp*, in its absolute discretion, may require a *Participant*, who has previously been exempted from the disclosure obligations under clauses 5.2.4(b), (c) and (d), to make all or any of the disclosures required under those clauses.

### 5.2.6 Maintenance planning

- (a) *VENCorp* must, on the basis of information provided to *VENCorp* under clause 5.2.4(d), coordinate all *maintenance* planned by *Transmission Pipeline Owners* or *Storage Providers* to ensure that *system security* is not threatened as a consequence of the unavailability of *pipeline equipment* undergoing *maintenance*.
- (b) *VENCorp*, in consultation with *Pipeline Owners* and *Storage Providers*, must develop, prepare and maintain written operating procedures which must set out relevant information pertaining to the coordination of *maintenance* including:
  - (1) procedures for facilitating the exchange of information; and
  - (2) procedures pursuant to which *Pipeline Owners* and *Storage Providers* may take offline plant and equipment relevant to the operation of the *market*, including *pipeline equipment*.
- (c) A *Transmission Pipeline Owner* which has provided information under clause 5.2.4(d), concerning time and duration of proposed *maintenance*, must act in accordance with those forecasts unless:
  - (1) those forecasts are updated in the manner specified in the operating procedures more than five days before that *maintenance* is due to commence; or
  - (2) if the update is to occur within five days of the day on which that *maintenance* was due to commence, consent to an update has been obtained from *VENCorp* in the manner specified in the operating procedures.
- (d) If *VENCorp* believes that any *maintenance* proposed by a *Pipeline Owner* or *Storage Provider* will threaten *system security*, *VENCorp* must notify the relevant *Pipeline Owner* or *Storage Provider* accordingly and that *Pipeline Owner* or *Storage Provider* must co-operate with *VENCorp* in good faith to minimise any threat to *system security* which in *VENCorp*'s reasonable opinion would be likely to result from that proposed *maintenance*.
- (e) *VENCorp* may direct a *Pipeline Owner* or *Storage Provider* to cancel, delay or suspend any *maintenance* if in *VENCorp*'s reasonable opinion:
  - (1) the *Pipeline Owner* or *Storage Provider* is conducting or proposing to conduct *maintenance* in a way which does not minimise threats to *system security*; and
  - (2) the relevant *pipeline equipment* will not materially be damaged by deferring that *maintenance*.

- (f) If there is a breakdown, or *VENCorp* reasonably believes there is likely to be a breakdown, of any *pipeline equipment* which *VENCorp* or the relevant *Pipeline Owner* reasonably believes could threaten *system security*, the *Pipeline Owner* or *Storage Provider* which owns that *pipeline equipment* must immediately provide *VENCorp* with:
- (1) full details of the breakdown, or threatened breakdown; and
  - (2) its planned response to the breakdown, or threatened breakdown,
- and that *Pipeline Owner* or *Storage Provider* must co-operate with *VENCorp* in good faith to minimise any threat to *system security* which in *VENCorp*'s reasonable opinion would be likely to result from that breakdown.
- (g) If *VENCorp* becomes aware of defective *pipeline equipment*, *VENCorp* must promptly provide all relevant *Pipeline Owners* or *Storage Providers* with full details of the defect.

## 5.3 MDQ AUTHORISATION

### 5.3.1 Agreement for provision of transportation services

- (a) Prior to gas being withdrawn from that component of the *transmission system* owned by a *Transmission Pipeline Owner*, *VENCorp* and that *Transmission Pipeline Owner* must enter into a *service envelope agreement*, and thereafter must at all times ensure that there is a valid *service envelope agreement* in force between them, under which the *Transmission Pipeline Owner* agrees, amongst other things, to provide to *VENCorp* gas transportation services and *pipeline* capacity by means of the *pipelines* of that *Transmission Pipeline Owner* which form part of the *transmission system* on terms which are not inconsistent with:
- (1) the *access arrangement*, if any, of the *Transmission Pipeline Owner*; and
  - (2) *VENCorp's access arrangement*.
- (b) A *service envelope agreement* must specify the capacity of the *Transmission Pipeline Owner's pipelines* available for use by *VENCorp* at *system points* on the *pipeline* under various operating conditions.
- (c) If *VENCorp* and a *Transmission Pipeline Owner* are unable to reach agreement (or to continue to agree, as the case may be) for the purposes of entering and maintaining a *service envelope agreement* as required under clause 5.3.1(a), the *Regulator* may refer the matter for resolution by a suitably qualified independent person appointed by the *Regulator* who, in the reasonable opinion of the *Regulator*:
- (1) has an understanding of the gas industry, generally;
  - (2) has an understanding about the roles of both *VENCorp* and the *Transmission Pipeline Owner* in the gas industry operating in Victoria;
  - (3) does not have any interests which could conflict with an impartial resolution of the disagreement; and
  - (4) is appropriate in all the circumstances to hear and resolve the disagreement.
- (d) The independent person appointed by the *Regulator* under clause 5.3.1(c) may request from *VENCorp* and the *Transmission Pipeline Owner* any relevant document, information, statement and other materials that the independent person considers to be reasonably necessary to enable the disagreement to be resolved and *VENCorp* and the *Transmission Pipeline Owner* must promptly comply with all such requests.
- (e) The independent person appointed by the *Regulator* under clause 5.3.1(c) must do all things reasonably necessary to resolve the disagreement within thirty *business days* of referral of the matter by the *Regulator*, if necessary by making a decision about the manner in which the unresolved matter is to be addressed in the *service envelope agreement* between the parties.
- (f) *VENCorp* and the *Transmission Pipeline Owner* must ensure that the resolution of the disagreement by the independent person appointed by the *Regulator* under clause 5.3.1(c) is reflected in a *service envelope agreement* which is duly entered between them within five *business days* of the resolution of the disagreement under clause 5.1.3(e) and if they fail to enter into or modify an existing *service envelope agreement* which reflects the resolution by the independent person, the *Regulator* may arrange for an appropriate agreement to be prepared which:
- (1) reflects the resolution of the disagreement by the independent person; and
  - (2) if there was an existing *service envelope agreement*, reflects the provisions of the existing *service envelope agreement* to the extent that those provisions have not

been modified by agreement between *VENCorp* and the *Transmission Pipeline Owner* or the subject of a disagreement between *VENCorp* and the *Transmission Pipeline Owner* under clause 5.3.1(c).

- (g) If the *Regulator* arranges for a *service envelope agreement* to be prepared or modified under clause 5.3.1(f):
  - (1) the *Regulator* must send the completed *service envelope agreement* to *VENCorp* and the *Transmission Pipeline Owner*, respectively, as soon as practicable; and
  - (2) *VENCorp* and the *Transmission Pipeline Owner* must execute that *service envelope agreement* within 5 business days of receiving it from the *Regulator*.
- (h) The independent person is to be appointed by the *Regulator* under clause 5.3.1(c) to act as an expert and not as an arbitrator and the rules of evidence do not apply.
- (i) If, at the time of any disagreement between *VENCorp* and the *Transmission Pipeline Owner* under clause 5.3.1(c), there is a *service envelope agreement* in place between *VENCorp* and the *Transmission Pipeline Owner* or a *service envelope agreement* has recently expired or terminated, that existing or previous *service envelope agreement*, as the case may be, is deemed to continue to have full force and effect between *VENCorp* and the *Transmission Pipeline Owner* until a new or modified *service envelope agreement* has been entered between them.

### 5.3.2 Initial allocation of authorised MDQ

- (a) Prior to the *commencement date*, *VENCorp* must allocate or reserve *authorised MDQ* as follows:
  - (1) *VENCorp* must allocate an amount of *authorised MDQ* in respect of all withdrawals of gas from *tariff V withdrawal points*;
  - (2) a *Customer* is to be allocated *authorised MDQ* in respect of gas which the *Customer* withdraws at a *tariff D withdrawal point* on the basis of past and/or existing contractual arrangements, or on some other basis that *VENCorp* reasonably considers to be appropriate in all the circumstances;
  - (3) an appropriate quantity of *authorised MDQ* may be allocated to a *Retailer* or a *Transmission Pipeline Owner* in respect of withdrawals of gas from a *system withdrawal point* for supply into an interconnected *transmission pipeline* where *VENCorp* reasonably believes it is appropriate to do so; and
  - (4) an appropriate quantity of *authorised MDQ* may be reserved for such period of time as *VENCorp* reasonably determines for the purposes of allocation to *Customers* in respect of gas which is:
    - (A) withdrawn at a *tariff D withdrawal point*; and
    - (B) supplied through the *transmission pipeline* located between Chiltern to Rutherglen to Koonoomoo in Victoria.

[Clause 5.3.2(b) deleted: Order in Council, 10 March 1999, published in the Government Gazette dated 11 March 1999]

- (c) *VENCorp* must notify:
  - (1) each *Retailer* whose *Customers* are allocated *authorised MDQ* under clause 5.3.2(a)(2) or 5.3.2(a)(4) of the amount of *authorised MDQ* allocated to each of its *Customers*;

- (1A) each *Market Participant* of the amount of *authorised MDQ* allocated in accordance with clause 5.3.2(a)(1);
  - (2) each *Market Customer* who is allocated *authorised MDQ* under clause 5.3.2(a)(2) or 5.3.2(a)(4) of the amount of the *authorised MDQ* allocated to that *Market Customer*; and
  - (3) any *Transmission Pipeline Owner* and any *Retailer* allocated *authorised MDQ* under clause 5.3.2(a)(3) of the amount of *authorised MDQ*, if any, allocated to them.
- (d) A *Retailer* who sells gas to *Customers* to whom *authorised MDQ* is allocated under clause 5.3.2(a)(2) must notify each of its *Customers* in respect of whom gas is withdrawn at a *tariff D withdrawal point* of that *Customer's authorised MDQ*.
- (e) *VENCorp* must advise a *Customer* of that *Customer's authorised MDQ* on request by that *Customer*.
- (f) Subject to clauses 5.3.2(c), (d) and (e) and clause 5.3.3(e), information relating to *authorised MDQ*, including the identity of the *Customer* or person to whom it has been allocated, is *confidential information*.
- (g) Subject to clause 5.3.5 if a *Customer* changes the *Retailer* from whom it purchases gas, the *Customer's authorised MDQ* allocated under clauses 5.3.2 or 5.3.4:
- (1) remains assigned to that *Customer*; and
  - (2) is not varied,
- as a result of the change of *Retailer*.
- (h) Either before or within a reasonable period after the allocation of *authorised MDQ* under clause 5.3.2(a), *VENCorp* must prepare and *publish* a report detailing:
- (1) the total amount of *authorised MDQ* that it has allocated under clause 5.3.2;
  - (2) the aggregate amount of *authorised MDQ* allocated in respect of withdrawals of gas from *tariff V withdrawal points*;
  - (3) the aggregate amount of *authorised MDQ* allocated to *Customers* in respect of withdrawals of gas from *tariff D withdrawal points*; and
  - (4) a report which describes the methodology applied by *VENCorp* in making those allocations of *authorised MDQ*.

[Clause 5.3.3(aa) deleted: Order in Council dated 28 April 1999. published in the Government Gazette dated 13 May 1999]

### 5.3.3 Allocations of authorised MDQ and AMDQ credit certificates for pipeline extensions or expansions

- (a) If a *Transmission Pipeline Owner* extends or expands, or proposes to extend or expand, its pipeline or pipelines, it must consult with *VENCorp* for the purposes of reaching agreement with *VENCorp* as to the increase in capacity of the relevant pipeline which results from the extension or expansion.
- (ab) Where a *Transmission Pipeline Owner* undertakes an extension or expansion and that extension or expansion is a covered extension or expansion and the cost of the extension or expansion is entirely added to the *Transmission Pipeline Owner's* capital base on the basis that the tests in either section 8.16(a) and section 8.16(b)(ii) or section 8.16(a) and section 8.16(b)(iii) of the *Access Code* are met by the time the extension or expansion is commissioned, additional authorised MDQ which becomes available for allocation as a consequence of that extension or expansion is to be allocated in accordance with clause 5.3.4.
- (ac) Where a *Transmission Pipeline Owner* undertakes an extension or expansion and that extension or expansion is a covered extension or expansion and a part only of the cost of the extension or expansion is added to the *Transmission Pipeline Owner's* capital base on the basis that the tests in either section 8.16(a) and section 8.16(b)(ii) or section 8.16(a) and section 8.16(b)(iii) of the *Access Code* are met by the time the extension or expansion is commissioned, then:
- (1) that portion of the additional authorised MDQ made available as a consequence of the extension or expansion which is associated with that part is to be allocated in accordance with clause 5.3.4; and
  - (2) the remaining portion of the additional authorised MDQ or AMDQ credit certificates, as the case may be, must be allocated in accordance with clause 5.3.3(b),
- provided that this clause 5.3.3(ac) shall not apply if the relevant *Transmission Pipeline Owner* cannot demonstrate to the reasonable satisfaction of *VENCorp* that the *Regulator* has agreed with the *Transmission Pipeline Owner* that an amount (and if so what amount) of additional capacity is associated with that part, and if for that reason this clause 5.3.3(ac) does not apply then clause 5.3.3(ab) shall apply instead.
- (b) Subject to clause 5.3.3(ba), in any case where clause 5.3.3(ab) or 5.3.3(ac)(1) do not apply, *VENCorp* must allocate:
- (1) such quantity of additional authorised MDQ or AMDQ credit certificates, as the case may be, which is made available by the relevant extension or expansion;
  - (2) to such *Market Participants*;
  - (3) for use within such specified withdrawal zones or for use at system injection points, as the case may be; and
  - (4) for such period,
- as the relevant *Transmission Pipeline Owner* directs.
- (ba) Where an amount of AMDQ credit certificates is to be allocated to a *Market Participant* under clause 5.3.3(b) in respect of injections of gas at a system injection point other than at Longford, *VENCorp* must only make such an allocation of AMDQ credit certificates to the *Market Participant*:

- (1) where the *Market Participant* requests the allocation; and
- (2) in accordance with the direction of the relevant *Transmission Pipeline Owner*.

and *VENCorp* may specify any conditions to apply to that allocation of *AMDQ credit certificates* as *VENCorp* reasonably determines and as agreed with the relevant *Transmission Pipeline Owner*.

- (c) Subject to clause 5.3.3(ba), *VENCorp* must not allocate *authorised MDQ* or *AMDQ credit certificates* under this clause 5.3.3 except in accordance with a direction of the relevant *Transmission Pipeline Owner* under clause 5.3.3(b), provided that this clause 5.3.3(c) shall in no way restrict the ability of *VENCorp* to allocate *authorised MDQ* or *AMDQ credit certificates* in any case where clause 5.3.4 applies (notwithstanding that such an application of clause 5.3.4 is by operation of this clause 5.3.3).
- (d) If additional *authorised MDQ* or *AMDQ credit certificates* have been allocated by *VENCorp* as a consequence of an *extension* or *expansion*, *VENCorp* and the relevant *Transmission Pipeline Owner* must by no later than the date on which the additional *authorised MDQ* or *AMDQ credit certificates* are allocated, modify an existing *service envelope agreement*, to reflect that additional capacity of the relevant *pipeline* as agreed under clause 5.3.3(a) which results from the *extension* or *expansion* and if they are unable to agree, the provisions of clauses 5.3.1(c) to (i), inclusive, are to apply.

[Sub-clause 5.3.3(e), (f) and (g) deleted: notice published in the Government Gazette dated 5 July 2001 and corrigendum published in the Government Gazette dated 30 August 2001]

- (h) In this clause 5.3.3, “covered” means covered by the *Transmission Pipeline Owner’s access arrangement*.

#### **5.3.4 Subsequent allocations and re-allocations of authorised MDQ**

- (a) Where *VENCorp* and the relevant *Transmission Pipeline Owner* agree that there is available capacity on a *pipeline* in accordance with the relevant *service envelope agreement* in respect of which:
  - (1) *VENCorp* is not prevented by clause 5.3.3(c) from allocating *authorised MDQ*; and
  - (2) *VENCorp* has neither allocated *authorised MDQ* nor reserved an amount of *authorised MDQ* in accordance with clause 5.3.2(a)(4),

*VENCorp* must allocate *authorised MDQ* up to that available capacity to any person who seeks an allocation of *authorised MDQ* in respect of a *delivery point* or *system withdrawal point*, in accordance with this clause 5.3.4.
- (b) If a *tariff V withdrawal point* becomes designated as a *tariff D withdrawal point*, then *VENCorp* is to allocate *authorised MDQ* to the *Customer*, who withdraws gas at that *tariff D withdrawal point* in a manner which, in *VENCorp’s* reasonable opinion, is fair and equitable, and *VENCorp* should make a proportionate reduction to the amount of *authorised MDQ* assigned to *tariff V withdrawal points*.

[Clauses 5.3.4(c) and (d) deleted: Order in Council dated 10 March 1999, published in the Government Gazette 11 March 1999]

- (e) *VENCorp* must allocate *authorised MDQ* under clause 5.3.4(a) as follows:

- (1) if there is sufficient available *authorised MDQ* to satisfy the requirements of all persons who have requested an allocation of *authorised MDQ*, *VENCorp* must allocate the available *authorised MDQ* to each of those persons in respect of a *delivery point* or *system withdrawal point* at which each of those persons withdraw or propose to withdraw gas, in accordance with their requirements; and
  - (2) if there is insufficient available *authorised MDQ* to satisfy the requirements of all persons who have requested an allocation of *authorised MDQ*, *VENCorp* must conduct an auction amongst all persons from whom *VENCorp* has received requests for *authorised MDQ* and allocate the available *authorised MDQ* to the persons who offer the highest amount for that *authorised MDQ*.
- (ea) Allocation of *authorised MDQ* made in accordance with clause 5.3.4(e) will be effective only in respect of a *delivery point* or *system withdrawal point* at which the person applied to *VENCorp* for the allocation of *authorised MDQ*.
- (f) *VENCorp* must develop procedures pursuant to which it will allocate available *authorised MDQ* under clause 5.3.4(e)(2).
- (g) All monies received by *VENCorp* from an auction conducted in accordance with clause 5.3.4(e)(2) are to be used by *VENCorp* to offset its costs for the next *financial year*.
- (h) This clause 5.3.4, and the principles and procedures *VENCorp* develops and applies to effect an allocation of available *authorised MDQ*, comprise the queuing policy of *VENCorp* as required under the *Access Code*.

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

- (a) A person that has acquired *authorised MDQ* or *AMDQ credit certificates* in accordance with this clause 5.3 may transfer the whole or a part of that *authorised MDQ* or *AMDQ credit certificates* to another person in accordance with this clause 5.3.5 and subject to transfer procedures developed in accordance with this clause 5.3.5.

[Clause 5.3.5(aa) deleted: notice published in the Government Gazette dated 5 July 2001]

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

### 5.3.6 Relinquishment of authorised MDQ or AMDQ credit certificate

- (a) Subject to clause 5.3.6(b), if a person holds *authorised MDQ* or *AMDQ credit certificates* in accordance with these rules and ceases to be a *Participant* or *Market Participant* in accordance with these rules, or in the case of a *Customer*, is disconnected from the *transmission system* or a *distribution pipeline*, that person's entitlement to the *authorised MDQ* or *AMDQ credit certificates* will revert to *VENCorp* for reallocation to other persons in accordance with clause 5.3.4 unless that person transfers that *authorised MDQ* in accordance with clause 5.3.5.
- (b) If a person:
- (1) to whom *authorised MDQ* or *AMDQ credit certificates* has been allocated under clause 5.3.3, or

- (2) to whom *authorised MDQ* or *AMDQ credit certificates* originally allocated under clause 5.3.3 has been transferred in accordance with clause 5.3.5,

ceases to be a *Participant* or *Market Participant* in accordance with these rules, or in the case of a *Customer*, is disconnected from the *transmission system* or a *distribution pipeline*, that person's entitlement to the *authorised MDQ* or *AMDQ credit certificates* will revert to the relevant issuing *Transmission Pipeline Owner* unless that person transfers that *authorised MDQ* or *AMDQ credit certificates* in accordance with clause 5.3.5.

## 5.4 CONFIDENTIALITY

### 5.4.1 Confidentiality

- (a) Each *Participant* and *VENCorp* must keep confidential any *confidential information* which comes into the possession or control of that *Participant* or *VENCorp* of which the *Participant* or *VENCorp* (as the case may be) becomes aware.
- (b) A *Participant* and *VENCorp*:
  - (1) must not disclose *confidential information* to any person except as permitted by these Rules or the *Retail Gas Market Rules*;
  - (2) must only use or reproduce *confidential information* for the purpose for which it was disclosed or another purpose contemplated by these Rules or the *Retail Gas Market Rules*; and
  - (3) must not permit unauthorised persons to have access to *confidential information*.
- (c) Each *Participant* and *VENCorp* must use all reasonable endeavours:
  - (1) to prevent unauthorised access to *confidential information* which is in the possession or control of that *Participant* or *VENCorp* (as the case may be); and
  - (2) to ensure that any person to whom it discloses *confidential information* observes the provisions of this clause 5.4 in relation to that information.
- (d) Without limiting the provisions of clauses 5.4.1(a), (b) and (c), each *Participant* which is a *Distributor* must not disclose *confidential information* relating to a *Retailer* which is not a *related body corporate* of that *Distributor* to a *Retailer* which is a *related body corporate* of the *Distributor*.

### 5.4.2 Exceptions

This clause 5.4 does not prevent:

- (a) the disclosure, use or reproduction of information if the relevant information is at the time generally and publicly available other than as a result of breach of confidence by the *Participant* or *VENCorp* who wishes to disclose, use or reproduce the information or any person to whom the *Participant* or *VENCorp* (as the case may be) has disclosed the information;
- (b) the disclosure of information by a *Participant* or *VENCorp* or by persons to whom the *Participant* or *VENCorp* (as the case may be) has disclosed that information to:
  - (1) an employee or officer of the *Participant* or a *related body corporate* of the *Participant* (other than, in respect of the information referred to in clause 5.4.1(d), the *Retailer* that is a *related body corporate* of a *Distributor*) ; or
  - (2) a legal or other professional adviser, auditor or other consultant of the *Participant* or *VENCorp* (as the case may be),which requires the information for the purposes of these Rules, or for the purpose of advising the *Participant* or *VENCorp* in relation these Rules;
- (c) the disclosure, use or reproduction of information with the consent of the person or persons who provided the relevant information under these Rules;
- (d) the disclosure, use or reproduction of information to the extent required by law or by a lawful requirement of:
  - (1) any *government authority* having jurisdiction over a *Participant* or *VENCorp* or its *related bodies corporate*; or

- (2) any stock exchange having jurisdiction over a *Participant* or *VENCorp* or its *related bodies corporate*;
- (e) the disclosure, use or reproduction of information if required in connection with legal proceedings, arbitration, expert determination or other dispute resolution mechanism relating to these Rules, or for the purpose of advising a person in relation thereto;
- (f) the disclosure, use or reproduction of information which is trivial in nature;
- (g) the disclosure of information which is required to protect the safety of personnel or equipment;
- (h) the disclosure, use or reproduction of information by or on behalf of a *Participant* or *VENCorp* to the extent reasonably required in connection with the *Participant's* or *VENCorp's* financing arrangements (as the case may be), investment in a *Participant* or a disposal of a *Participant's* assets;
- (i) the disclosure of information to the *Regulator* or any other regulatory authority having jurisdiction over a *Participant*, pursuant to these Rules or otherwise;
- (j) the disclosure, use or reproduction of information of an historical nature in connection with the preparation and giving of reports under these Rules; or
- (k) the disclosure, use or reproduction of information as an unidentifiable component of an aggregate sum.

#### 5.4.3 Conditions

In the case of a disclosure under clause 5.4.2(b), 5.4.2(e) or 5.4.2(h) prior to making the disclosure the *Participant* or *VENCorp* (as the case may be) who wishes to make the disclosure must inform the proposed recipient of the information that it is *confidential information* and must take appropriate precautions to ensure that the recipient keeps the information confidential in accordance with the provisions of this clause 5.4 and does not use the information for any purpose other than that permitted under clause 5.4.1.

#### 5.4.4 Indemnity to VENCORP

Each *Participant* indemnifies *VENCorp* against any claim, action, damage, loss, liability, expense or outgoing which *VENCorp* pays, suffers, incurs or is liable for in respect of any breach by that *Participant* or any officer, agent or employee of that *Participant* of this clause 5.4.

#### 5.4.5 Survival

Notwithstanding any other provision of these Rules, a person must continue to comply with this clause 5.4 for three years after it has ceased to be a *Participant*.

#### 5.4.6 VENCORP information

*VENCorp* must develop and, to the extent practicable, implement a policy:

- (a) to protect information which it acquires pursuant to the *VENCorp* functions from use or access which is contrary to the provisions of these Rules;
- (b) to protect information which is commercially sensitive from use or access by members of the board of directors of *VENCorp* who are officers, directors or employees of a *Participant*; and
- (c) to disseminate such information in accordance with its rights, powers and obligations in a manner which promotes the orderly operation of the *market*.

## **CHAPTER 6. INTERVENTION AND MARKET SUSPENSION**

## 6.1 OVERVIEW

### 6.1.1 Scope of chapter 6

This chapter 6 sets out the rules which determine:

- (a) the procedures which must be established by *VENCorp* and *Participants* to ensure that they are able to take all necessary actions in an *emergency*;
- (b) the procedures to be followed by *VENCorp* and *Participants* in an *emergency*;
- (c) the procedures which are to take effect in the event of a threat to *system security*;
- (d) the circumstances and manner in which *VENCorp* may *intervene* or suspend the *market*; and
- (e) the manner in which *Participants* will be compensated following *intervention* in or suspension of the *market* by *VENCorp*.

### 6.1.2 Preparation and responses

- (a) *VENCorp* is responsible for giving directions and co-ordinating the actions which are to be taken by *Participants* when:
  - (1) there is an *emergency*;
  - (2) there is a threat to *system security*;
  - (3) there is an event of *force majeure*; or
  - (4) the *market* is suspended.
- (b) *Participants* acknowledge that:
  - (1) the conveyance of gas through the *transmission system* involves risks to public safety and property and therefore that the provisions of this chapter 6 are appropriate and reasonable;
  - (2) in an *emergency* their business interests will be subordinate to the need for *VENCorp* to implement *emergency procedures* in accordance with clause 6.2.2 and to make declarations and issue *emergency directions* under clause 6.5; and
  - (3) in an *emergency*, *VENCorp* may issue *emergency directions* and require gas injections to be made into, or withdrawals of gas to be taken from, the *transmission system* to be varied in accordance with this chapter 6 even though those injections or withdrawals are not made in accordance with the remainder of these Rules.

### 6.1.3 Liability and discretion of *VENCorp*

- (a) No conduct by *VENCorp* or a *Participant*:
  - (1) in the event of:
    - (A) a threat to *system security*; or
    - (B) an *emergency*; or
    - (C) an event of *force majeure*; or
    - (D) suspension of the *market*;
  - (2) in compliance with *emergency procedures*; or
  - (3) in accordance with this chapter 6,

will constitute a breach of the remainder of these Rules or the *Access Code* or the *access arrangement* of any *Pipeline Owner*, and in particular *VENCorp* will not be liable for any

loss incurred by a *Participant* as a result of any action taken by *VENCorp* under this chapter 6.

- (b) Subject to clause 6.9.1, nothing in this chapter 6 is to be taken to limit the ability of *VENCorp* to take any action or procedure under this chapter 6 which *VENCorp* considers in its absolute discretion to be necessary to protect the public or property.

## 6.2 EMERGENCIES

### 6.2.1 Emergency

- (a) An *emergency* will be deemed to occur when:
- (1) *VENCorp* reasonably believes there to be a situation which may:
    - (A) threaten the personal safety of any person;
    - (B) cause material damage to the *transmission system*;
    - (C) cause material damage to a *distribution pipeline* and impact on the operation of the *transmission system* or the *market*;
    - (D) cause material damage to any property, plant or equipment; or
    - (E) constitute a threat to *system security*,and *VENCorp* in its absolute discretion considers that the situation is an *emergency* and declares there to be an *emergency*; or
  - (2) the Governor in Council by proclamation declares there to be an emergency under Part 9 of the *Gas Industry Act*.

[Sub clause 6.2.1(a)(3) deleted: Order in Council dated 29 June 99, published in Government Gazette 8 July 1999]

- (aa) If *VENCorp* receives notice that the *Office of Gas Safety* has issued a direction under sections 106 or 107 of the **Gas Safety Act 1997** (Vic), *VENCorp* may, in its absolute discretion, treat the issue of that direction as establishment that one or more of the conditions specified in clause 6.2.1(a)(1) are satisfied and as such may declare there to be an *emergency*.
- (b) An escape of gas is not itself an *emergency* but an escape of gas may be a circumstance which gives rise to an *emergency*.
- (c) A *Participant* must notify *VENCorp* as soon as practicable of:
  - (1) any event or situation of which the *Participant* becomes aware where, in the reasonable opinion of the *Participant*, that event or situation is of a kind described in clause 6.2.1(a)(1); and
  - (2) any action taken by the *Participant* under its *safety plan* and *safety procedures* or otherwise in response to that event or situation.
- (d) *VENCorp* may specify procedures from time to time for communicating to *Participants* the existence of an *emergency* and all relevant information relating to the *emergency*.
- (e) Subject to clause 6.2.1(f), the existence of an *emergency* under clause 6.2.1(a)(1) will be determined by *VENCorp* in its absolute discretion, irrespective of the cause of the *emergency*, and whether *VENCorp* or any other person has caused or contributed to the *emergency*.
- (f) Notwithstanding any other provision of this clause 6.2, *Participants* and *VENCorp* acknowledge that the *Office of Gas Safety* may give directions which override an *emergency direction* given by *VENCorp*.
- (g) Each *Participant* must use its best endeavours to ensure that its *safety plan* (if any) permits it to comply with *emergency directions*.

- (h) An *emergency* will continue until such time as *VENCorp* determines that the *emergency* has ended.
- (i) When an *emergency* has ended in accordance with clause 6.2.1(h), *VENCorp* must notify all *Participants* that the *emergency* has ended.

### 6.2.2 Emergency procedures

- (a) *Emergency procedures*:
  - (1) are the procedures to be taken by *VENCorp*, *Transmission Pipeline Owners*, *Interconnected Pipeline Owners*, *Distributors*, *Retailers* and *Traders* to or at the direction of *VENCorp* to:
    - (A) re-establish *system security*;
    - (B) avert or reduce the scale of an *emergency*;
    - (C) reduce the probability or probable scale of an *emergency*;
    - (D) prepare for the occurrence of an *emergency*; and
    - (E) restore gas supply and normal operation of the *transmission system* in the event of an *emergency*.
  - (2) regulate how disputes related to the implementation of the *emergency procedures* are to be resolved during a declared *emergency*.
- (b) *Emergency procedures* may:
  - (1) classify *emergencies* into different categories or levels having regard to their likely scale or to such other matters as *VENCorp* thinks fit; and
  - (2) require a *Participant* to take action, or not to take action, in accordance with *emergency directions* given by *VENCorp*.
- (c) Subject to clause 6.2.2(d), *VENCorp* must, in consultation with the *Minister*, the *Office of Gas Safety* and *Participants*:
  - (1) prepare; and
  - (2) review from time to time,a document which sets out the *emergency procedures*.
- (ca) The document referred to in clause 6.2.2(c) must include the document referred to in clause 6.4.3(b)
- (d) *VENCorp* must ensure that to the extent that the *emergency procedures* may affect *Participants* or require *Participants* to take or refrain from taking certain actions, the *emergency procedures* developed and reviewed by *VENCorp* under clause 6.2.2(c) are consistent with the *safety plans* of *Participants*.
- (e) *VENCorp* must make available the *emergency procedures* to each *Participant* within seven days after each occasion on which the *emergency procedures* have been updated.
- (f) *VENCorp*, *Transmission Pipeline Owners*, *Interconnected Pipeline Owners*, *Distributors*, *Retailers* and *Traders* must comply with the *emergency procedures*.

## **6.3 EMERGENCY PLANNING BY PARTICIPANTS**

### **6.3.1 Participant emergency contacts**

- (a) Each *Participant* must provide *VENCorp* with:
  - (1) a single telephone number and facsimile number at which a representative of the *Participant* is contactable by *VENCorp*, 24 hours a day; and
  - (2) the name and title of the *Participant's* representative who is contactable at those numbers.
- (b) The representative of each *Participant* must be a person having appropriate authority and responsibility within the *Participant's* organisation to act as the primary contact for *VENCorp* in the event of an *emergency*.
- (c) Each *Participant* must immediately notify *VENCorp* of a change to the details required under clause 6.3.1(a) and where possible in advance.

### **6.3.2 Participant procedures**

- (a) To the extent that:
  - (1) a *Participant* is not required to have its own *safety plan*; or
  - (2) a *Participant's safety plan* does not provide for the *Participant* to respond to all events and situations included in clause 6.2.1(a),that *Participant* must establish and maintain its own internal *safety procedures* necessary to enable it and, where relevant, its *Customers* to comply with *emergency directions* and this chapter 6.
- (b) Each *Participant* must ensure that the *safety procedures* it establishes under clause 6.3.2(a) are consistent with the *emergency procedures* and its *safety plan* (if any).

### **6.3.3 Emergency procedures awareness**

- (a) Each *Participant* must at all times ensure that all of its relevant officers and staff and, where relevant, its *Customers*, are familiar with the *emergency procedures* and the *Participant's safety procedures*.
- (b) For the purposes of clause 6.3.3(a), relevant officers and staff are those whose functions or areas of responsibility are such that they are likely to be required to make decisions or take action in an *emergency*.

## 6.4 EMERGENCY CURTAILMENT OF CUSTOMERS

### 6.4.1 Distribution Customers - curtailment information

- (a) Subject always to the requirement that a *Distributor* must use its best endeavours to provide information to *VENCorp* under this clause 6.4.1 in a way that does not reveal the identity of a *Customer*, each *Distributor* must provide information to *VENCorp* in accordance with clause 6.4.1(b), for each *transfer point* relating to that *Distributor's distribution pipelines*, by no later than the *commencement date* and thereafter by no later than 28 February in each year.
- (b) Unless otherwise agreed by *VENCorp*, the list provided to *VENCorp* under clause 6.4.1(a) must set out for each *transfer point* referred to in clause 6.4.1(a):
  - (1) the *system withdrawal zone* in which that *transfer point* is located;
  - (2) the name and address of the *Distributor* on whose *distribution pipeline* that *transfer point* is located;
  - (3) a single telephone number and facsimile number at which one or more representatives of the *Distributor* having appropriate authority and responsibility within the *Distributor's* organisation to act as the primary contact for *VENCorp* in the event of an *emergency*, are contactable by *VENCorp*, 24 hours a day and the name and title of those representatives of the *Distributor* who are contactable at those numbers;
  - (4) the number of *Distribution Customers* which withdraw gas from any *distribution delivery point* on the *Distributor's distribution pipelines* after that gas has passed through each of those *transfer points*;
  - (5) the aggregate size of demand of all *Distribution Customers* represented by that *transfer point*;
  - (6) the type of demand of all *Distribution Customers* represented by that *transfer point*; and
  - (7) the time it would take to implement *curtailment* in respect of the *Distribution Customers* represented by that *transfer point*.
- (c) Each *Distributor* must immediately notify *VENCorp* of a change to the details required under clause 6.4.1(b) and where possible in advance.

### 6.4.2 Transmission Customers - curtailment information

- (a) By no later than the *commencement date* and thereafter by no later than 28 February in each year, each *Transmission Customer* must provide to *VENCorp* the information set out in clause 6.4.2(b) and if that *Transmission Customer* is not a *Market Customer*, then the *Transmission Customer* must arrange for the *Retailer* from whom it purchases gas to provide that information on its behalf.
- (b) The information to be provided to *VENCorp* under clause 6.4.2(a) must set out:
  - (1) the name and address of the *Transmission Customer*;
  - (2) a single telephone number and facsimile number at which a representative of the *Transmission Customer* is contactable by *VENCorp*, 24 hours a day;
  - (3) the name and title of the *Transmission Customer's* representative who is contactable at those numbers and is a person having appropriate authority and responsibility within the *Transmission Customer's* organisation to act as the primary contact for *VENCorp* in the event of an *emergency*;

- (4) the *system withdrawal zone* in which that *transmission delivery point* is located;
  - (5) the maximum daily and hourly quantity of the *Transmission Customer*;
  - (6) the type of demand of the *Transmission Customer*;
  - (7) the time it would take to implement *curtailment* in respect of that *Transmission Customer*; and
  - (8) the minimum required pressure at the *transmission delivery point*.
- (c) The person responsible for providing the information to *VENCorp* under clause 6.4.2(a) must immediately notify *VENCorp* of a change to the details required under clause 6.4.2(b) and where possible in advance.

#### 6.4.3 Emergency curtailment list

- (a) Subject to clause 6.4.3(d) *VENCorp* must, by the end of March in each year prepare an *emergency curtailment list* which:
- (1) is to be based on the information received from *Distributors* under clause 6.4.1;
  - (2) is to incorporate the information provided to *VENCorp* by or on behalf of each *Transmission Customer* under clause 6.4.2 in respect of the *transmission delivery points* at which those *Transmission Customers* withdraw gas; and
  - (3) must set out, by *system withdrawal zone*, the order in which the supply of gas to *Customers*, including *Transmission Customers*, will be *curtailed*.
- (aa) An *emergency curtailment list* must provide for the regulation of the available supply of gas having regard to the needs of the community
- (ab) The *Minister* must be consulted by *VENCorp* on the *emergency curtailment list* prior to it being made available to each *Distributor* and *Transmission Customer* in accordance with clause 6.4.3(b).
- (ac) The *Minister* may from time to time require *VENCorp* to initiate a review of the whole or part of the *emergency curtailment list*.
- (ad) In any instance where the *Minister* acting pursuant to clause 6.4.3(ac) requires *VENCorp* to initiate a review of the whole or part of the *emergency curtailment list*, the *Minister* may further require that *VENCorp* use the *public consultation procedures* to consult prior to that *emergency curtailment list* being finalised.
- (ae) Nothing in this clause 6.4.3 shall limit:
- (i) the powers of the *Minister* acting under section 207 of the *Gas Industry Act* 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 *emergency curtailment list*; or
  - (ii) the powers of the Director of the *Office of Gas Safety* acting under the **Gas Safety Act 1997** (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 *emergency curtailment list*.
- (b) *VENCorp* must make available to each *Distributor* and *Transmission Customer* and to the *Office of Gas Safety* and the *Minister* a document (which shall include the *emergency curtailment list*) which sets out categories of *Customers* in the order in which each of those categories of *Customers* would be *curtailed* in an *emergency*.

- (c) *VENCorp* must keep all *Customers*, including *Transmission Customers*, and must keep the *Office of Gas Safety* and the *Minister* informed of any changes made to the document made available under clause 6.4.3(b).
- (ca) The obligation to inform referred to in clause 6.4.3(c) includes immediately informing the persons specified in that clause of any changes to the *emergency curtailment list*.
- (d) *VENCorp* must at all times ensure that it does not release any information or document under this clause 6.4 which reveals the demand for or consumption of gas by any *Customer*.
- (e) Notwithstanding clause 6.4.3(d) *VENCorp* shall, if required by the *Minister* or the *Office of Gas Safety*, disclose to the *Minister* or the *Office of Gas Safety* (as the case may be) any information and documents it has revealing the demand for or consumption of gas by any *Customer* if the *Minister* or the *Office of Gas Safety* certifies that such disclosure is required for any direction contemplated or given pursuant to section 207 of the *Gas Industry Act* or pursuant to sections 106 or 107 of the **Gas Safety Act 1997** (Vic).
- (f) For the avoidance of doubt, an *emergency curtailment list* may provide not only for the curtailment or interruption of the supply of gas but also may provide (either generally or in respect of specific *Customers* or areas) for the order, amount, duration and timing of that curtailment or interruption as well as for (either generally or in respect of specific *Customers* or areas) the order and timing of the ending of any curtailment or interruption including the order and timing in which *Customers* or areas shall receive gas and the amounts of gas they shall receive.

## 6.5 RESPONSE TO AN EMERGENCY

### 6.5.1 Declarations and directions in an emergency

- (a) When an *emergency* arises, *VENCorp* must:
- (1) inform the *Office of Gas Safety*, if *VENCorp* reasonably anticipates that the *emergency* may have implications for safety;
  - (2) inform *Participants*, as soon as reasonably practicable, of the commencement, nature, extent and expected duration of the *emergency* and the way in which *VENCorp* reasonably anticipates it will act in response to the *emergency*; and
  - (3) keep *Participants* informed of any material changes in the nature, extent and expected duration of an *emergency*.
- (b) Upon being informed of an *emergency*, each *Participant* must advise all relevant officers and staff (as defined in clause 6.3.3(b)) and, where relevant, its *Customers*, of the existence and nature of the *emergency*.
- (c) During an *emergency*:
- (1) *VENCorp* may, subject to clause 6.6.4(a), issue such *emergency directions* as it reasonably considers necessary:
    - (A) in accordance with the *emergency procedures*; and
    - (B) if the *Minister* and/or *Office of Gas Safety* direct or agree, other than in accordance with the *emergency procedures*; and
  - (2) each *Participant* must, subject to clause 6.5.1(e):
    - (A) comply with its *safety plan* (if any), *safety procedures* (if any), the *emergency procedures* applicable to the *Participant* in the circumstances, this chapter 6, and all *emergency directions* given by *VENCorp*;
    - (B) comply with the requirements of clauses 6.5.2 and 6.5.3 in relation to the injection and withdrawal of gas to and from the *transmission system*; and
    - (C) cooperate with *VENCorp* to enable *VENCorp* to implement the *emergency procedures*.
- (d) Where relevant, a *Participant* must use its reasonable endeavours to ensure that during an *emergency*, its *Customers* act in a manner which enables that *Participant* to comply with all its obligations under this chapter 6.
- (e) Where there is any conflict between:
- (1) the requirements of a *Participant's safety procedures*;
  - (2) the *emergency procedures* applicable to the *Participant* in the circumstances;
  - (3) this chapter 6; and
  - (4) an *emergency direction* given by *VENCorp*,
- VENCorp* must decide which of those requirements or part of those requirements is to prevail.

## 6.5.2 Injection controls

- (a) In an *emergency*, *VENCorp* may in its absolute discretion issue an *emergency direction* requiring one or more *Participants* to:
- (1) keep *VENCorp* informed of the maximum and minimum rates at which, and/or quantities in which, gas can be injected into the *transmission system* by the *Participant* at all relevant *system injection points* at such times or over such periods as *VENCorp* may specify; and
  - (2) take all steps available to the *Participant* to increase the maximum rates and/or quantities, or decrease the minimum rates and/or quantities, referred to in clause 6.5.2(a)(1), including but not limited to the deferral of *maintenance* or other works.
- (b) In an *emergency*, each *Participant* must comply with all *emergency directions* given by *VENCorp* to inject gas into the *transmission system* in such quantities and at such rates as *VENCorp* may specify, within the minimum and maximum quantities or rates which are available to the *Participant*, irrespective of the commercial terms of those supplies, and irrespective of the quantities of gas being withdrawn from the *transmission system* by the *Participant* at that time.
- (c) For a period of up to and including two years from the *commencement date*, *VENCorp* may make contractual arrangements with persons who are not *Participants* pursuant to which those persons will inject gas into the *transmission system* in an *emergency*, providing that the contract price of such gas must not exceed *VoLL*.
- (d) Subject to clause 6.5.2(c), where *VENCorp* makes an arrangement under clause 6.5.2(c) with a person with whom a *Participant* has contracted to purchase gas, the following provisions apply to ensure that quantities of gas injected are treated as injected under that contract (insofar as those quantities of gas are capable of being treated as injected under that contract):
- (1) *VENCorp* agrees that it enters into the arrangement with the non-*Participant* as agent of the *Participant*, but *VENCorp* will not be liable to the non-*Participant* under the contract;
  - (2) each *Participant* appoints *VENCorp* as agent for the purposes of this clause 6.5.2(d) and authorises *VENCorp* to notify the non-*Participant* of the appointment; and
  - (3) the amount which *VENCorp* is required to pay the non-*Participant* in respect of an injection called under this clause 6.5.2 is the greater of:
    - (A) the applicable *market price* during the *trading intervals* in which that non-*Participant* injected gas; and
    - (B) the amount payable by *VENCorp* to that non-*Participant* in respect of the gas it has injected in accordance with the contract.
- (e) Subject to clause 6.5.2(c), to the extent that the *market price* applicable during any *trading interval* in which the non-*Participant* injected gas is lower than the amount payable by *VENCorp* to the non-*Participant* under the contract, the shortfall is to be paid to *VENCorp* by *Market Participants* who withdrew gas in those *trading intervals* as though the *compensation panel* has determined that compensation is payable to that non-*Participant* and the compensation payable is to be calculated in accordance with clause 3.6.6.

### 6.5.3 Withdrawal controls

- (a) In an *emergency*, *VENCorp* may in its absolute discretion issue an *emergency direction* requiring one or more *Participants* to:
- (1) keep *VENCorp* informed of the maximum and minimum rates at which, and/or quantities in which, gas can be withdrawn from the *transmission system* by the *Participant* at all relevant *system withdrawal points* at such times or over such periods as *VENCorp* may specify; and
  - (2) take all steps available to the *Participant* to increase the maximum rates and/or quantities, or decrease the minimum rates and/or quantities, referred to in clause 6.5.3(a)(1), including but not limited to the deferral of *maintenance* or other works.
- (b) In an *emergency*, each *Participant* must comply with all *emergency directions* given by *VENCorp* to withdraw gas from the *transmission system* in such quantities and at such rates as *VENCorp* may specify, within the minimum and maximum quantities or rates which are available to the *Participant*, irrespective of the commercial terms of those supplies, and irrespective of the quantities of gas being injected into the *transmission system* by the *Participant* at that time.
- (c) For a period of up to and including two years from the *commencement date*, *VENCorp* may make contractual arrangements with persons who are not *Participants* pursuant to which those persons will withdraw gas from the *transmission system* in an *emergency*, providing that the contract price of such gas must not exceed *VoLL*.
- (d) Subject to clause 6.5.3(c), where *VENCorp* makes an arrangement under clause 6.5.3(c) with a person with whom a *Participant* has contracted to sell gas, the following provisions apply to ensure that quantities of gas withdrawn are treated as withdrawn under that contract (insofar as those quantities of gas are capable of being treated as withdrawn under that contract):
- (1) *VENCorp* agrees that it enters into the arrangement with the non-*Participant* as agent of the *Participant*, but *VENCorp* will not be liable to the non-*Participant* under the contract;
  - (2) each *Participant* appoints *VENCorp* as agent for the purposes of this clause 6.5.3(d) and authorises *VENCorp* to notify the non-*Participant* of the appointment; and
  - (3) the amount which a non-*Participant* is required to pay *VENCorp* in respect of a withdrawal called under this clause 6.5.3 is the lower of:
    - (A) the applicable *market price* during the *trading intervals* in which that non-*Participant* withdrew gas; and
    - (B) the amount payable by that non-*Participant* in respect of the gas it has withdrawn in accordance with the contract.
- (e) Subject to clause 6.5.3(c), to the extent that the *market price* applicable during any *trading interval* in which the non-*Participant* withdrew gas is greater than the amount payable for that gas by the non-*Participant* under the contract, the shortfall is to be paid to *VENCorp* by *Market Participants* who withdrew gas in those *trading intervals* as though the *compensation panel* has determined that compensation is payable to that non-*Participant* and the compensation payable is to be calculated in accordance with clause 3.6.6(b).

## 6.6 SYSTEM SECURITY THREAT

### 6.6.1 Notice of threat to system security

- (a) If *VENCorp* believes that a threat to *system security* is indicated either by:
- (1) the *planning reviews* prepared by *VENCorp* under clause 5.2; or
  - (2) a *preliminary operating schedule* or *final operating schedule* prepared under clause 3.1.12; or
  - (3) any other fact or circumstance of which *VENCorp* becomes aware,
- then it must provide to *Participants* without delay details of that threat to *system security* including *VENCorp's* estimate of:
- (4) the nature and general magnitude of the threat to *system security*, including an estimate of the likely duration of the threat to *system security* and the likely shortfall in gas supplies likely to occur during that period;
  - (5) the latest time *VENCorp* will need to *intervene* in the market if the threat to *system security* does not subside without *intervention* by *VENCorp*; and
  - (6) the *system withdrawal zones* within the *transmission system* in which the threat to *system security* is likely to be located.
- (b) If *VENCorp* provides *Participants* with details under clause 6.6.1(a) regarding a threat to *system security*, *VENCorp* may issue a notice requiring each *Participant* to provide to *VENCorp* the *Participant's* best estimates of the following:
- (1) the ability of that *Participant* to reschedule planned outages of plant and equipment, including *maintenance* and other works, which would enable additional injections and/or withdrawals of gas to be made;
  - (2) the ability of that *Participant* to inject *off-specification* gas into the *transmission system*;
  - (3) the period of notice which that *Participant* will require before additional injections and withdrawals under clauses 6.6.1(b)(1) and (2) could be made; and
  - (4) the costs which that *Participant* will incur in facilitating or implementing an injection or withdrawal under clauses 6.6.1(b)(1) and (2).
- (c) A *Participant* must not unreasonably withhold information required by *VENCorp* under a notice under clause 6.6.1(b) and must provide *VENCorp* with that information as soon as practicable after it has received a notice from *VENCorp* under clause 6.6.1(b).
- (d) *VENCorp* must treat all information provided to it by a *Participant* under clause 6.6.1(b) as *confidential information* and may only use that information for the purpose of maintaining or re-establishing *system security* by issuing directions under clauses 6.6.3 and 6.6.4 or making a decision under clause 6.6.2.
- (e) *VENCorp* must inform *Participants* immediately when it reasonably considers a threat to *system security* to be at an end.

### 6.6.2 Response to system security threat

- (a) If *VENCorp* has identified a threat to *system security* and reasonably considers that sufficient time exists for the threat to subside without *intervention*, *VENCorp* must, in accordance with the procedures set out in clause 6.6.3, facilitate a *market* response to overcome the threat to *system security*.

- (b) If *VENCorp* has identified a threat to *system security* and it does not believe that sufficient time exists for the threat to subside without *intervention* then *VENCorp* must take any measures it believes are reasonable and necessary to maintain or restore *system security* including those set out in clause 6.6.4.

### 6.6.3 Market response to threat to system security

- (a) If *VENCorp* believes that sufficient time exists for a threat to *system security* to subside without *intervention*, *VENCorp* must:
  - (1) if it has not already done so, provide *Participants* with the information set out under clause 6.6.1(a);
  - (2) advise those *Participants* who *VENCorp* considers would be required to take action or cease taking action if the threat to *system security* is not resolved without *intervention*, including but not limited to any *Market Participants* whose *inc/dec offers* are likely to be *scheduled* in accordance with a *preliminary schedule* or *final schedule*, of the following information:
    - (A) the existence of the threat to *system security*; and
    - (B) the likely nature of any requirement of *VENCorp* if *VENCorp* determines that it should *intervene*;
  - (3) invite *Market Participants* to increase the quantity of gas they inject or decrease the quantity of gas they withdraw as specified in *inc/dec offers* submitted by such *Market Participants* in accordance with clause 3.1.5 in respect of that *trading interval*; and
  - (4) keep all *Market Participants* informed of significant changes to the information provided under this clause 6.6.3.
- (b) *Participants* must comply with all requests and directions issued by *VENCorp* under this clause 6.6.

### 6.6.4 Intervention due to system security threat

- (a) If *VENCorp* believes that insufficient time exists for a threat to *system security* to subside without *intervention*, *VENCorp* must *intervene* in the *market* by taking any measures it considers to be reasonable and necessary to overcome the threat to *system security*, including without limitation:
  - (1) *curtailment* in accordance with the *emergency curtailment list*, subject to clause 6.6.4(b);
  - (2) injecting gas from *VENCorp's LNG reserve*;
  - (3) increasing withdrawals;
  - (4) requiring any *Participant* to inject *off-specification* gas into the *transmission system*; and
  - (5) requiring *Participants* to do any reasonable act or thing which *VENCorp* believes necessary in the circumstances.
- (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 the *authorised MDQ* or *AMDQ credits* assigned to those *Customers*.

### 6.6.5 Compensation of Market Participants in respect of intervention

- (a) Where:

- (1) *VENCorp* requires a *Market Participant* to inject gas; and
- (2) that *Market Participant* experiences a net auditable financial reduction as a direct result of making that injection,  
then that *Market Participant* may claim compensation from *VENCorp* in respect of the injection.
- (b) A *Market Participant* who wishes to make a claim under clause 6.6.5(a) must submit notice of its claim to *VENCorp* within fifteen *business days* of the day on which the *Market Participant* made the injection of gas referred to in clause 6.6.5(a).
- (c) *VENCorp* must:
  - (1) within five *business days* of receiving a claim submitted in accordance with this clause, request the *Adviser* to establish a *compensation panel* to determine whether it is appropriate in all the circumstances for compensation to be paid and, if so, to determine an appropriate amount of compensation; and
  - (2) refer the claim to the *Adviser* for determination of those issues by the *compensation panel*.
- (d) The *Adviser* must:
  - (1) within five *business days* of receiving a request from *VENCorp*, establish a *compensation panel* of three members from the group of persons referred to in clause 7.2.2; and
  - (2) be satisfied that the persons it chooses to comprise the *compensation panel* do not have any interests which could conflict with an impartial decision.
- (e) Upon a referral from *VENCorp* pursuant to clause 6.6.5(c), the *compensation panel* must make a determination of the relevant issues and notify *VENCorp* of that determination as soon as practicable but in any event within twenty *business days* of the claim being referred to it.
- (f) The *compensation panel* must:
  - (1) conduct itself on the same basis and in accordance with the same timeframes as a *dispute resolution panel* under clause 7.2.4;
  - (2) determine whether any compensation should be paid to the *Market Participant* to put the *Market Participant* in the position in which the *Market Participant* would have been, in respect of the gas injection it made under clause 6.6.5(a), had the direction not been issued by *VENCorp*; and
  - (3) base its determination on guidelines developed by *VENCorp* in consultation with *Participants*.
- (g) If the *compensation panel* makes a determination that compensation should be paid to the *Market Participant*, *VENCorp* must compensate the *Market Participant* in accordance with the determination of the *compensation panel* and must advise the *Market Participant* as soon as practicable of the determination and of the date *VENCorp* intends to pay the *Market Participant*.”
- (ga) *VENCorp* must pay interest on the amounts determined in accordance with clause 6.6.5 at the *interest rate* from the day following the date of the next payment of *settlement amounts* made under clause 3.6.7 following the determination of the *compensation panel* to the date when *VENCorp* actually pays the *Market Participant* the amount of the compensation determined. Interest is to be calculated on a daily basis and aggregated for the period.



## 6.7 FORCE MAJEURE AND MARKET SUSPENSION

### 6.7.1 Administered price cap

After consulting *Market Participants*, *VENCorp* must develop, authorise and *publish* and may from time to time in accordance with the *public consultation procedures* vary an *administered price cap* to be used as described in clauses 6.7.2 and 6.7.5.

### 6.7.2 Force majeure events

- (a) A *force majeure event* is the occurrence in a *trading interval* of any one or more of the events or circumstances set out in clause 6.7.2(b) where *VENCorp* reasonably considers that:
- (1) the event has resulted in a reduction in the normal capacity of part or all of the *transmission system* and/or the volume of gas which would otherwise normally flow in the *transmission system* during that *trading interval*; and
  - (2) that reduction is likely to materially affect the operation of the *market* or materially threaten *system security*.
- (b) An event referred to in clause 6.7.2(a) is any of the following events:
- (1) the Governor in Council by proclamation declares there to be an *emergency* under Part 9 of the *Gas Industry Act*, or any like or analogous event;
  - (2) the *Office of Gas Safety* issues a direction sections 106 or 107 of the **Gas Safety Act 1997** (Vic) as the case may be, or any like or analogous event; or
  - (3) an event that is:
    - (A) neither anticipated nor controllable by *Participants* who are affected by the relevant event; and
    - (B) restricted to acts of nature, governmental interventions and acts of war, or any like or analogous event.
- (c) *VENCorp* must notify all *Market Participants* without delay of the occurrence of any *force majeure event*.
- (d) *Participants* must use all reasonable endeavours to:
- (1) ensure that they do not cause or exacerbate a *force majeure event*; and
  - (2) mitigate the occurrence and effects of a *force majeure event*.
- (e) If any *force majeure event* occurs then *VENCorp* must declare an *administered price period* during which the price will be set by *VENCorp* in accordance with clause 3.2.2.
- (f) Following a declaration by *VENCorp* of an *administered price period* in accordance with clause 6.7.2(e), the *administered price period* is to continue until *VENCorp* declares the *force majeure event* and the *administered price period* to be at an end and notifies all *Market Participants* accordingly.

### 6.7.3 Conditions for suspension of the market

- (a) Subject to clause 6.7.3(b), *VENCorp* may declare the *market* to be suspended when:
- (1) a *force majeure event* occurs;
  - (2) an *emergency* occurs;
  - (3) *VENCorp* has been directed by a *government authority* to suspend the *market* or operate all or part of the *transmission system* in a manner contrary to the provisions of these Rules following a proclamation declaring that Part 9 of the *Gas*

*Industry Act* is to apply or following any similar proclamation or declaration under any like or analogous emergency laws.

- (4) *VENCorp* determines that it is necessary to suspend the *market* because it has become impossible to operate the *market* in accordance with the provisions of these Rules or in accordance with the *market objectives*; and
- (b) *VENCorp* must not suspend the *market* solely because:
  - (1) the *market price* has reached *VoLL*;
  - (2) *VENCorp* has issued an *emergency direction*; or
  - (3) *VENCorp* has *intervened* in the *market* due to a threat to *system security* under clause 6.6.

#### **6.7.4 Declaration of market suspension**

- (a) The *market* can only be suspended by a declaration by *VENCorp* under clause 6.7.3(a) and if the *market* is suspended, *VENCorp* must notify all *Participants* without delay.
- (b) Subject to clause 6.7.4(c), *VENCorp* must not declare the *market* to be suspended with retrospective effect.
- (c) The *market* is to be deemed to be suspended at the start of the *trading interval* in which *VENCorp* makes a declaration that the *market* is suspended.
- (d) Following a declaration by *VENCorp* under clause 6.7.3(a), the *market* is to remain suspended until *VENCorp* declares and notifies all *Participants* that *market* operation is to resume.
- (e) A notification to *Participants* under clause 6.7.4(d) that *market* operation is to resume must include the time at which *market* operation is to resume.
- (f) Notwithstanding a suspension of the *market*, *VENCorp* may issue *emergency directions* to *Participants* in accordance with clause 6.5; and
- (g) If *VENCorp* declares that the *market* is suspended, *market prices* are to be set by *VENCorp* in accordance with clause 6.7.5.

#### **6.7.5 Effect of market suspension**

- (a) The *market price* during a *trading interval* for which *VENCorp* has declared the *market* to be suspended is to be determined by *VENCorp* in accordance with clause 3.2.2.
- (b) During a *trading interval* in which the *market* is suspended, these Rules will continue to apply with such modifications as *VENCorp* reasonably determines to be necessary, taking into consideration the circumstances and conditions giving rise to the decision by *VENCorp* to suspend the *market*.

#### **6.7.6 Compensation due to the application of an administered price cap**

- (a) *Participants* may claim compensation from *VENCorp* in respect of gas injected into the *transmission system* if, due to the application of an *administered price cap* during either an *administered price period* or a period in which the *market* is suspended, the resultant *market price* payable to that *Participant* in any *trading interval* is less than the price specified in their *injection inc/dec offer* for that *trading interval*.
- (b) Notification of an intent to make a claim under clause 6.7.6(a) must be submitted to *VENCorp* within two *business days* of notification by *VENCorp* that an *administered price period* has ended or that the *market* is no longer suspended.
- (c) *VENCorp* must

- (1) within five *business days* of receiving a claim submitted in accordance with this clause, request the *Adviser* to establish a *compensation panel* to determine whether it is appropriate in all the circumstances for compensation to be paid and, if so, to determine an appropriate amount of compensation; and
  - (2) refer the claim to the *Adviser* for determination of those issues by the *compensation panel*.
- (d) The *Adviser* must:
- (1) within five *business days* of receiving a request from *VENCorp*, establish a *compensation panel* of three members from the group of persons referred to in clause 7.2.2; and
  - (2) be satisfied that the persons it chooses to comprise the *compensation panel* do not have any interests which could conflict with an impartial determination.
- (e) Upon a referral from *VENCorp* pursuant to clause 6.7.6(c), the *compensation panel* must make a determination of the relevant issues and notify *VENCorp* of that determination as soon as practicable but in any event within twenty *business days* of the claim being referred to it.
- (f) The *compensation panel* must:
- (1) conduct itself on the same basis and in accordance with the same timeframes as a *dispute resolution panel* under clause 7.2.4;
  - (2) determine whether any compensation should be paid to the *Market Participant* to put the *Market Participant* in the position that the *Market Participant* would have been in, in respect of the gas injection referred to in clause 6.7.6(a), had the *administered price cap* not applied; and
  - (3) base its recommendations on guidelines developed by *VENCorp* in consultation with *Participants*.
- (g) If the *compensation panel* makes a determination that compensation should be paid to the *Market Participant*, *VENCorp* must compensate the *Market Participant* in accordance with the determination of the *compensation panel* and must advise the *Market Participant* as soon as practicable of the determination and of the date *VENCorp* intends to pay the *Market Participant*.
- (ga) *VENCorp* must pay interest on the amounts determined in accordance with clause 6.7.6 at the *interest rate* from the day following the date of the next payment of *settlement amounts* made under clause 3.6.7 following the determination of the *compensation panel* to the date when *VENCorp* actually pays the *Market Participant* the amount of the compensation determined. Interest is to be calculated on a daily basis and aggregated for the period.

### 6.7.7 Intervention reports

- (a) Within ten *business days* after one or more of the following events:
- (1) an intervention in the *market* by *VENCorp*;
  - (2) an event which, in *VENCorp*'s reasonable opinion, is or may be a threat to *system security*;
  - (3) a *force majeure event*; or
  - (4) an *emergency*,
- VENCorp* must investigate the circumstances of that event and prepare a report to assess:

- (5) the adequacy of the provisions of these Rules relevant to the event or events which occurred;
  - (6) the appropriateness of actions taken by *VENCorp* in relation to the event or events which occurred; and
  - (7) the costs incurred by *VENCorp* and/or *Participants* as a consequence of responding to the event or events.
- (b) A copy of the report prepared under clause 6.7.7(a) must be provided to:
- (1) the *Regulator* on completion of the report; and
  - (2) *Participants* and interested persons on request.

## **6.8 REVIEW OF CHAPTER 6**

### **6.8.1 Timing of review**

*VENCorp* must, within:

- (a) eighty *business days* of the third occurrence in any two year period of an event requiring *VENCorp* to direct the *market* to be suspended under clause 6.7.3; or
- (b) five years from the *commencement date*,

whichever is the earlier, conduct a review of chapter 6 of these Rules in accordance with this clause 6.8.

### **6.8.2 Terms of reference**

The terms of reference for the review to be performed by *VENCorp* under this clause 6.8 are to be developed by *VENCorp* in consultation with the *Regulator* and must incorporate, but are not to be limited to, the adequacy and appropriateness of:

- (a) the provisions of chapter 6; or
- (b) any alternative provisions to those in chapter 6,

in satisfying and facilitating the achievement of the *market objectives*.

### **6.8.3 Process of review**

The review performed by *VENCorp* under this clause 6.8 is to be conducted in accordance with the *public consultation procedures*.

## **6.9 EMERGENCY LEGISLATION**

### **6.9.1 Gas Industry Act and other laws**

For the avoidance of doubt, nothing in clause 6 affects the application of Part 9 of the *Gas Industry Act* or any other like or analogous applicable emergency laws.

## **CHAPTER 7. ENFORCEMENT AND DISPUTES**

## 7.1 ENFORCEMENT

### 7.1.1 Investigations

- (a) *VENCorp* may request a *Participant* to supply *VENCorp* with information relating to any matter concerning these Rules in such form, covering such matters and within such reasonable time as *VENCorp* may request.
- (b) If *VENCorp* makes a request for information under clause 7.1.1(a), it must provide to the *Participant* to whom the request is made the reasons for the request.
- (c) Notwithstanding that a *Participant* may disagree with the reasons for the request provided by *VENCorp* under clause 7.1.1(b), a *Participant* must comply with a request made by *VENCorp* under clause 7.1.1(a).
- (d) If a *Participant* fails to comply with a request by *VENCorp* for information under clause 7.1.1(a), *VENCorp* may appoint a person to investigate the matter and to prepare a report or such other documentation as *VENCorp* may determine.
- (e) A *Participant* must assist the person to undertake the investigation and to prepare the report or other documentation under clause 7.1.1(d) and must, at the request of the person appointed, use its best endeavours to procure that third parties make available such information as the person may reasonably require.
- (f) The cost of the investigation and of preparing the report or other documentation under clause 7.1.1(d) must be met by the *Participant* requested to supply the information under clause 7.1.1(a) unless *VENCorp* otherwise determines.
- (g) Any report or other documentation referred to in this clause 7.1.1 may be used in any proceeding under or in relation to these Rules or for the purpose of commencing any such proceeding.

### 7.1.2 Procedures concerning alleged breaches of the Code

- (a) If *VENCorp* considers that:
  - (1) a *Participant* may have breached or may be breaching these Rules; and
  - (2) in the circumstances and if the breach is established, it would be appropriate that a sanction or sanctions be imposed on that *Participant*,

*VENCorp* must:

- (3) notify the *Participant* of the alleged breach and details of the sanctions which may be imposed if the breach is established; and
  - (4) notwithstanding clause 5.4, notify the *Regulator* of the alleged breach and provide to the *Regulator* any information relevant to the alleged breach as is known to *VENCorp*.
- (b) If the breach is of a nature that *VENCorp* may make a demand for payment under these Rules, *VENCorp* may make such demand.
  - (c) Notwithstanding a *Participant's* right to bring to the attention of the *Regulator* directly any alleged breach of these Rules, if *VENCorp* receives written information from a *Participant* or any other person which alleges a breach of these Rules by a *Participant*, *VENCorp* must within five *business days* of receipt of the information:
    - (1) determine whether, based on that information, there would appear *prima facie* to be a breach of these Rules; and

- (2) notify the person making the allegation as to whether *VENCorp* has referred or proposes to refer the matter to the *Regulator*.

### 7.1.3 Sanctions

- (a) The nature of sanctions which may be imposed under these Rules are set out in the *Gas Industry Act* and any regulations made under the *Gas Industry Act*.
- (b) The classification of certain provisions of these Rules as civil penalty provisions is set out in regulations made under the *Gas Industry Act*;
- (c) The classification of certain provisions of these Rules as:
  - (1) regulatory provisions; or
  - (2) conduct provisions,

is set out in schedule 7.1 and, in accordance with the *Gas Industry Act*, this classification is to be used to determine the sanction applicable to a breach of any such provision of these Rules.

### 7.1.4 Actions by agents, employees or officers of Participants

If any partner, agent, officer or employee of a *Participant* does any act or refrains from doing any act which if done or not done (as the case may be) by a *Participant* would constitute a breach of these Rules, that act or omission is to be deemed for the purposes of this clause 7.1 to be the act or omission of the *Participant*.

### 7.1.5 Publication

Subject to clause 5.4, *VENCorp* must *publish* a report at least once each year setting out a summary for the period covered by the report of all decisions made by *VENCorp* during that period in relation to enforcement of these Rules.

## 7.2 DISPUTE RESOLUTION

### 7.2.1 Application and guiding principles

- (a) Subject to clause 7.2.1(aa), the dispute resolution procedures set out in this clause 7.2 apply to all disputes which may arise between any of the following:
- (1) *VENCorp*;
  - (2) *Participants*;
  - (3) *Connection Applicants*;
  - (4) *responsible persons* and persons who are able to satisfy *VENCorp* that they have a bona fide intention to become a *responsible person*; and
  - (5) persons who have been appointed by *VENCorp* under clause 4.4.20(b) as a *metering database agent*;

as to:

- (6) the application or interpretation of these Rules; or
- (7) a dispute under or in relation to a contract between two or more persons referred to in clauses 7.2.1(a)(1), (2), (3), (4) and (5) where that contract provides that the dispute resolution procedures under these Rules are to apply to any dispute under or in relation to that contract with respect to the application of these Rules; or
- (8) the failure of a person referred to in clauses 7.2.1(a)(1), (2), (3), (4) or (5) to take action other than in accordance with these Rules; or
- (9) a dispute concerning a proposed *connection agreement*; or
- (10) the payment of moneys under or concerning any obligation under these Rules,

and for the avoidance of doubt, the dispute resolution procedures set out in this clause 7.2 apply to disputes between two or more persons from and within each of the categories set out in clauses 7.2.1(a)(1), (2), (3), (4) and (5).

- (aa) In the case of a dispute:
- (i) actually arising during any day of the period of an *emergency* declared by *VENCorp*; and
  - (ii) arising from the manner the *emergency procedures* are implemented during the period of that *emergency*

that dispute shall be resolved through the dispute resolution provisions written into the *emergency procedures* and not the dispute resolution procedures established in this clause 7.2.

- (ab) For the avoidance of doubt, the dispute resolution procedure written into the *emergency procedures* is intended to resolve only those disputes arising during the implementation of the *emergency procedures* and then only as they may be related to the manner of that implementation and are not intended to resolve disputes arising as a consequence of that implementation action.
- (b) Subject to clause 7.2.1(c), where a dispute of a kind set out in clause 7.2.1(a) arises, the parties concerned must comply with the procedures set out in clauses 7.2.3 to 7.2.13 before pursuing any other dispute resolution mechanism, including but not limited to court action in relation to the dispute.
- (c) If the parties to a dispute cannot agree that:

- (1) the matter in dispute is one to which any of the matters set out in clause 7.2.1(a) apply; and
- (2) the matter in dispute would more appropriately be dealt with in accordance with the dispute resolution procedures under another regulatory instrument to which one or both parties are subject,

a party must apply in writing to the *Regulator* for a decision as to which dispute resolution procedures apply to the dispute and give notice to the other party.

- (d) If the *Regulator* receives an application under clause 7.2.1(c), the *Regulator* must decide, within ten *business days* of receiving the application, whether the dispute would more appropriately be dealt with under dispute resolution procedures applicable under an applicable regulatory instrument other than these Rules and in making its decision, the *Regulator* must:
  - (1) decide whether the matter in dispute is relevant to any other applicable regulatory instrument including but not limited to the *Access Code*; and
  - (2) direct the parties to comply with the dispute resolution procedures under the *Access Code* if the matter in dispute is, in the reasonable opinion of the *Regulator*, a matter relating to access to services provided by a *Participant* to which the *Access Code* applies.
- (e) If the *Regulator* receives an application under clause 7.2.1(c), but does not make a decision under clause 7.2.1(d) within ten *business days* of receiving the application, the determination of whether the dispute is one to which this clause 7.2 applies is to be made in accordance with the dispute resolution procedures set out in this clause 7.2.
- (f) Subject to clause 7.2.1(d), the *Regulator* is not otherwise bound to require the parties to a dispute to adopt any dispute resolution process in favour of any other dispute resolution process.
- (g) The parties must comply with a decision of the *Regulator* under clause 7.2.1(d) and the decision of the *Regulator* is final.

## 7.2.2 Appointment of Adviser and panel group

- (a) *VENCorp* must appoint a person from time to time to be the *Adviser*:
  - (1) for a term of three years (subject to clause 7.2.2(d)) and the *Adviser* is then eligible for reappointment;
  - (2) on such other terms and conditions as *VENCorp* may determine; and
  - (3) who must satisfy the criteria set out in clause 7.2.2(b).
- (b) The *Adviser* must, in the reasonable opinion of *VENCorp*, not be a *Participant* or have a current material association, directly or indirectly, with a *Participant*.
- (c) In appointing the *Adviser*, *VENCorp* must have regard to the extent to which the *Adviser*:
  - (1) has a detailed understanding and experience of alternative dispute resolution practice and procedures which do not involve litigation;
  - (2) has the capacity to determine the most appropriate alternative dispute resolution procedures in particular circumstances; and
  - (3) has an understanding of the gas industry.
- (d) If the *Adviser* does not, in the reasonable opinion of *VENCorp*, continue to meet the requirements of clause 7.2.2(b) or clause 1.5.2(b) of the *Retail Gas Market Rules*, *VENCorp* may terminate the appointment of the *Adviser* and appoint a new *Adviser*.

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

### 7.2.3 Dispute resolution process

- (a) Any of the parties involved in a dispute of a kind set out in clause 7.2.1(a) may refer the dispute to the *Adviser* in accordance with clause 7.2.3(b).
- (b) If a party wishes to refer a dispute to the *Adviser* under clause 7.2.3(a), that party must notify the *Adviser* and all other parties to the dispute of which the party is aware:
  - (1) of the existence of a dispute; and
  - (2) setting out a brief history of the dispute including:
    - (A) the names of the parties to the dispute;
    - (B) the grounds of the dispute; and
    - (C) the results of any previous dispute resolution processes undertaken pursuant to these Rules in respect of the dispute.
- (c) If the *Adviser* receives notice of a dispute under clause 7.2.3(b), the *Adviser* must notify all other relevant parties of the dispute and may request from those other parties their own short written history of the dispute or any relevant associated written comments and if the *Adviser* requests such information from a party to the dispute, that information must be provided by that party within two *business days*.
- (d) If a matter has been referred to the *Adviser* under clause 7.2.3(a), then before taking any action to resolve the dispute, the *Adviser* must be reasonably satisfied that the dispute is one to which clause 7.2.1(a) applies and must advise the parties in writing of its decision.
- (e) If the *Adviser* is not satisfied that the dispute is one to which clause 7.2.1(a) applies, the procedures set out in clause 7.2.3(f) do not apply to the dispute.
- (f) If the *Adviser* is satisfied that the dispute is one to which clause 7.2.1(a) applies, the *Adviser* must:
  - (1) appoint a *dispute resolution panel* in accordance with clause 7.2.4; and
  - (2) refer the dispute for resolution by the *dispute resolution panel* appointed under clause 7.2.4,within five *business days* of receiving any information from the parties to the dispute under clause 7.2.3(c).

- (g) Subject to all time limits specified in clause 7.2.3, nothing in this clause 7.2 precludes the *Adviser* from facilitating resolution of the dispute by agreement between the parties to the satisfaction of the parties without appointing or involving a *dispute resolution panel*.

#### 7.2.4 The dispute resolution panel

- (a) Where the *Adviser* refers a dispute for resolution by a *dispute resolution panel* under clause 7.2.3(f), the *Adviser* must:
  - (1) establish a *dispute resolution panel* consisting of three people chosen by the *Adviser* as appropriate in the particular circumstances of the dispute from the group of persons selected by the *Adviser* under clause 7.2.2(e) unless the *Adviser* reasonably considers the monetary amount to which the dispute relates is less than \$100,000 in which case the *Adviser* may decide to appoint one person to constitute the *dispute resolution panel* from the group of persons selected by the *Adviser* under clause 7.2.2(e);
  - (2) be satisfied that the persons chosen to comprise the *dispute resolution panel* do not have any interests which could conflict with an impartial resolution of the dispute; and
  - (3) nominate one of the members of the *dispute resolution panel* to be the chairperson.
- (b) A person who has previously served on a *dispute resolution panel* is not precluded from being appointed to another *dispute resolution panel* established in accordance with clause 7.2.4(a).
- (c) When a matter is referred to a *dispute resolution panel* under clause 7.2.3(f)(2), the *dispute resolution panel* must select the form of, and procedures to apply to, the dispute resolution process which:
  - (1) the *dispute resolution panel* considers appropriate in the circumstances; and
  - (2) must accord with the following principles:
    - (A) be simple, quick and inexpensive;
    - (B) take account of the skills and knowledge required for the relevant dispute;
    - (C) observe the rules of natural justice; and
    - (D) encourage resolution of disputes without formal legal representation or reliance on legal procedures.
- (d) The dispute resolution process will take place at a venue determined by the *dispute resolution panel* in consultation with the parties and may include either party's premises or any other premises.
- (e) Subject to clause 7.2.10(c) the parties must comply with any procedural requirements imposed by the *dispute resolution panel* in the determination of the dispute including a requirement to exchange submissions, documents and information.
- (f) Subject to clause 7.2.4(g), the *dispute resolution panel* must ensure that the dispute resolution process is completed and that the *dispute resolution panel* has given notice of its determination of the dispute as soon as practicable but in any event within twenty *business days* of the dispute being referred to the *dispute resolution panel* (or such longer period as the *Adviser* may permit following a request by the *dispute resolution panel* for an extension of time).
- (g) Within ten *business days* of receiving notification from the *dispute resolution panel* of their determination of the dispute, the parties must provide written notice to the *dispute*

*resolution panel* describing all action taken in accordance with the resolution or determination of the *dispute resolution panel*.

### **7.2.5 Disputes about payment**

If a dispute arises:

- (a) in relation to an obligation to pay moneys owing under these Rules; or
- (b) which affects an obligation to pay moneys under these Rules,

then:

- (c) the dispute must be referred to the *Adviser* in accordance with clause 7.2.3(a), or to the *Regulator* under clause 7.2.1(c), within twelve months of the dispute arising;
- (d) the *Adviser* must notify all *Participants* who may be affected by the resolution of the dispute, including but not limited to *Participants* whose *settlement statement* may be amended as a consequence of the resolution of the dispute; and
- (e) those moneys must be paid without prejudice on the date specified for payment in the relevant *settlement statement*, notwithstanding a dispute regarding the amount.

### **7.2.6 Disputes affecting settlement statements**

Where an amount stated to be payable in a *settlement statement* issued under clause 3.6.15 is the subject of a dispute and the resolution of the dispute affects the amount payable, then:

- (a) when the dispute is resolved in accordance with this clause 7.2, *VENCorp* must issue a revised *settlement statement* to replace each *settlement statement* affected by the resolution of the dispute, in accordance with clause 3.6.19; and
- (b) the amount specified in a revised *settlement statement* must be paid by the relevant *Participant*, whether or not that *Participant* is a party to the dispute, on the date specified in the revised *settlement statement*.

### 7.2.7 Legal representation

Legal representation before the *dispute resolution panel* may be permitted by the *dispute resolution panel* where the *dispute resolution panel* considers it appropriate or desirable.

### 7.2.8 Cost of dispute resolution

The reasonable costs of the parties to the dispute may be allocated by the *dispute resolution panel* for payment by one or more parties as part of any determination.

### 7.2.9 Effect of resolution

- (a) A determination of the *dispute resolution panel* is binding on the parties to the dispute including without limitation any provision of the resolution or determination relating to the payment of moneys by any of the parties and any provision as to the performance of actions by any of the parties.
- (b) A requirement that a party to the dispute pay moneys under:
  - (1) an agreement reached between the parties to a dispute under clause 7.2.3(g); or
  - (2) a determination of the *dispute resolution panel*,is an obligation under these Rules to pay those moneys.
- (c) If a determination of the *dispute resolution panel* applies to a person referred to in clauses 7.2.1(a)(1), (2), (3), (4) and (5), that person must comply with the determination of the *dispute resolution panel* to the extent that the determination applies to that person, notwithstanding that the person was not a party to the dispute.

### 7.2.10 Recording and publication

- (a) When a *dispute resolution panel* resolves a dispute, the chairperson of the *dispute resolution panel* must send written details of the resolution of the dispute to the *Adviser* as soon as practicable.
- (b) The *Adviser* must produce a summary of the resolution of each dispute without identifying the parties, and forward these to *VENCorp* and the parties to the dispute.
- (c) Claims for confidentiality of information disclosed in the dispute resolution process must be dealt with in accordance with the provisions relating to use of information in clause 5.4.
- (d) At least twice in each year, *VENCorp* must make available to all persons referred to in clauses 7.2.1(a)(1), (2), (3), (4) and (5) the results of dispute resolutions under this clause 7.2 which have been settled since the previous results were made available under this clause 7.2.10(d), including the relevant determinations of the *dispute resolution panel*.

### 7.2.11 Judicial review

The parties to a dispute may refer any question of law which may arise in respect of the resolution of a dispute for determination by a court of competent jurisdiction.

### 7.2.12 Limitation of liability

To the extent permitted by law, the *Adviser*, the *dispute resolution panel* and its members are not to be liable for any loss or damage suffered or incurred by a *Participant* or any other person as a consequence of any act or omission of those persons unless the *Adviser*, the *dispute resolution panel*, or its members, as the case may be, acted otherwise than in good faith under this clause 7.2.

### 7.2.13 Indemnity

Notwithstanding clause 7.2.12, if the *Adviser* or a member of the *dispute resolution panel* is liable to pay any amount for loss or damage suffered or incurred by a person referred to in clauses 7.2.1(a)(1), (2), (3), (4) and (5) or any other person as a consequence of any act or omission of those persons, *VENCorp* must indemnify that person:

- (a) for the full amount; and
- (b) for any costs and expenses incurred by that person in defending related proceedings, unless the liability arose out of conduct involving a lack of good faith.

## BACKGROUND NOTE TO SCHEDULE 7.1

### CLASSIFICATION OF RULES

The following Background Note is included for information purposes only - it does not form part of these Rules. It is intended to provide a general indication of the basis on which the classification of these Rules has been made, and a guide, only, for the classification of future new Rules.

Schedule 7.1 is a table which contains the classification of these Rules, set out after this Background Note. It is part of these Rules and any change, addition or deletion to that table must be made in accordance with the Rule change procedures in chapter 8.

#### ***The Gas Industry Act***

The *Gas Industry Act* provides for a three-way classification of provisions of these Rules into:

- civil penalty provisions;
- conduct provisions;
- regulatory provisions.

The classification of certain Rules as civil penalty provisions is effected by the **Gas Industry (MSO Rules) Regulations 1999**.

The *Gas Industry Act* provides that the classification of other Rules as conduct provisions and regulatory provisions is to be made in these Rules. Schedule 7.1 sets out that classification.

The table below summarises the information contained in this Background Note.

<b>Classification of Rules</b>	<b>Who can bring action</b>	<b>Nature of sanction (imposed by a court)</b>
Civil Penalty Provisions (as classified by regulations)	ACCC	<ul style="list-style-type: none"> <li>• penalties</li> </ul>
Regulatory Provisions (as classified in Rules - Schedule 7.1)	ACCC	<ul style="list-style-type: none"> <li>• injunction</li> <li>• declaration</li> </ul>
Conduct Provisions (as classified in Rules - Schedule 7.1)	Any person	<ul style="list-style-type: none"> <li>• damages</li> <li>• injunction</li> <li>• declaration</li> </ul>

#### ***Provisions requiring classification***

Those provisions of these Rules which impose an obligation on a person have been classified. Where a provision of these Rules allows a discretion on the relevant person as to whether or not to do something, that provision has not been classified, as it will not be a breach of that provision if the person decides not to perform in accordance with that provision.

#### ***Civil penalty provisions***

Civil penalty provisions are provisions the breach of which is regarded as most serious. Generally, they are provisions which must be complied with in order to ensure that the market and these Rules work properly.

Civil penalty provisions are enforceable only by the *Regulator*, who may bring proceedings for the levy of a civil penalty, i.e. a fine for an offence provable on the balance of probabilities, payable to the Consolidated Fund. Any person can advise the *Regulator* of an alleged breach of a civil penalty provision, although it is up to the *Regulator* to take the matter further. Clause 7.1.2 of these Rules also provides a mechanism by

which *VENCorp*, on its own account or on the advice of a *Participant*, can decide to bring an alleged breach to the attention of the *Regulator*.

### **Conduct provisions**

A conduct provision is a provision involving an obligation to be performed by a person where the consequences of a breach are less serious than for a civil penalty provision. Most provisions of these Rules that are not of an administrative nature or are to be performed by *VENCorp* will be classified as conduct provisions. However, generally, an obligation to pay money, including one imposed on *VENCorp*, will be classified as a conduct provision.

Conduct provisions are enforceable by any person by bringing injunction proceedings. In addition, anyone who suffers loss or damage by conduct in contravention of a conduct provision will also have a statutory right to recover the loss or damage in a civil action against the person whose breach of these Rules caused it. However, the *Gas Industry Act* and these Rules make it clear that this right is subject to the dispute resolution procedures in clause 7.2, which require a *Participant* to take any action relating to these Rules in accordance with those dispute resolution procedures, before resorting to other formal legal recourse (such as the courts). Finally, the Supreme Court is vested with jurisdiction to declare, on the application of any interested party, that a person is in breach of a conduct provision.

### **Regulatory provisions**

Regulatory provisions generally fall into two main categories:

1. obligations to be performed by *VENCorp* (other than obligations to pay money, which will be classified as conduct provisions); and
2. obligations of an administrative nature.

The injunction remedy will be available for breaches of regulatory provisions, on application by the *Regulator*. It is possible for the Supreme Court to declare that a person is in breach of a regulatory provision, on application by the *Regulator*. There will be no statutory right to damages.

### **Rules may be in two categories**

A civil penalty provision may be a conduct provision or a regulatory provision as well, but conduct provisions and regulatory provisions are mutually exclusive.

**SCHEDULE 7.1 CLASSIFICATION OF RULES**

The table below sets out the classification of Rules as:

1. conduct provisions; and
2. regulatory provisions.

This table, which forms Schedule 7.1, is part of these Rules. Changes to this table must be made in accordance with chapter 8.

**CLASSIFICATION OF RULES**

\* CP = conduct provision (any person can bring action) - damages/declaration/injunction

RP = regulatory provision (Regulator, only, can bring action) - injunction/declaration

<b>Rule</b>	<b>Classification*</b>
<b>1. INTRODUCTION</b>	
<b>1.1 Purpose and application of Rules</b>	
1.1.5 Persons who must register with <i>VENCorp</i> .	RP
<b>1.2 VENC Corp</b>	
1.2.1(a) Operation of <i>transmission system</i> and <i>market</i> by <i>VENC Corp</i> .	RP
1.2.1(b) Maintenance and publication of register of <i>Participants</i> by <i>VENC Corp</i> .	RP
1.2.1(c) Development and update of <i>system security guidelines</i> by <i>VENC Corp</i> .	RP
1.2.1(e) <i>VENC Corp</i> must monitor trading activity.	RP
1.2.1(f) <i>VENC Corp</i> must prepare report of significant price variations.	RP
1.2.1(g) Availability of report prepared by <i>VENC Corp</i> .	RP
1.2.1(h) <i>VENC Corp</i> must develop and <i>publish</i> guidelines.	RP
1.2.1(i) Considerations <i>VENC Corp</i> must take into account in developing procedures.	RP
1.2.1(j) Compliance with Rules by <i>VENC Corp</i> .	RP
1.2.4(c) Standard of performance by <i>VENC Corp</i> .	RP
1.2.4(e) Publication of performance indicators by <i>VENC Corp</i> .	RP
<b>1.3 Enforceability and Amendment of these Rules</b>	
1.3.1 Rules enforceable in accordance with chapter 7.	RP
1.3.2 Amendments to be in accordance with chapter 8.	RP
<b>1.4 Public Consultation Procedures</b>	
1.4 Development and minimum requirements of <i>public consultation procedures</i> .	RP

Rule	Classification*
<b>2. REGISTRATION</b>	
<b>2.1 Registration with VENC Corp</b>	
2.1(a), (b) Persons who must be registered as a <i>Participant</i> with <i>VENC Corp</i> .	CP
2.1(d) A person may not participate in the <i>market</i> in a category of <i>Market Participant</i> unless the person is registered in that category.	CP
2.1(e) Eligibility requirements/Notice by <i>Participant</i> if it ceases to be eligible.	CP
2.1(f) Form of application.	RP
2.1(h) <i>VENC Corp</i> may require applicant to pay costs associated with a review of additional information.	CP
2.1(i) Approval of application and registration by <i>VENC Corp</i> .	RP
2.1(j) Notice of approval of application by <i>VENC Corp</i> .	RP
2.1(k) Notice that application not approved by <i>VENC Corp</i> .	RP
<b>2.2 Ceasing to be a Participant</b>	
2.2(c) <i>VENC Corp</i> must notify all <i>Participants</i> of cessation by a <i>Participant</i> .	RP
2.2(d) If <i>VENC Corp</i> notifies <i>Participants</i> of cessation of registration, <i>Market Participant</i> must cease activities in the <i>market</i> .	CP
<b>2.5 Intending Participants</b>	
2.5(b) Form of application and payment of fee (if any).	CP
<b>2.6 Market Fees</b>	
2.6(a) <i>Participants</i> must pay <i>market fees</i> .	CP
2.6(c) Description of components of <i>market fees</i> payable by <i>Participants</i> .	CP
2.6(d) <i>VENC Corp</i> must produce initial budget report and conduct presentation for next <i>financial year</i> .	RP
2.6(e) Availability and publishing report.	RP
2.6(f) <i>VENC Corp</i> must invite submissions.	RP
2.6(g) <i>VENC Corp</i> must prepare a final report.	RP
2.6(h) <i>VENC Corp</i> to provide final report to <i>Regulator</i> .	RP
<b>2.7 Previous Financial Year Report</b>	
2.7(a) <i>VENC Corp</i> must produce report for previous <i>financial year</i> containing certain matters.	RP

<b>Rule</b>	<b>Classification*</b>
2.7(b) Availability of report.	RP
<b>3. MARKET OPERATION AND ADMINISTRATION</b>	
<b>3.1 Nominations, Gas Scheduling and Market Operations</b>	
3.1.1 Operation and <i>scheduling</i> of gas by <i>VENCorp</i> .	RP
3.1.2 Submission of <i>nominations</i> and optional <i>inc/dec offers</i> by <i>Market Participants</i>	CP
3.1.3(a) Submission by <i>Market Participants</i> of a separate <i>injection nomination</i> for each <i>system injection point</i> .	CP
3.1.3(b) Information which must be included in an <i>injection nomination</i> .	CP
3.1.4(a) Submission by <i>Market Participants</i> of separate <i>withdrawal nomination</i> for each <i>system withdrawal zone</i> .	CP
3.1.4(b) Information which must be included in a <i>withdrawal nomination</i> .	CP
3.1.5(g) <i>Market Participants</i> must not submit <i>inc/dec offers</i> without <i>VENCorp</i> permission.	CP
3.1.7(a), (b), (c), (d) Timing of <i>nominations</i> .	CP
3.1.9(a) <i>Market Participants</i> responsible for verifying information posted on <i>market information bulletin board</i> correct.	CP
3.1.9(c) <i>VENCorp</i> must acknowledge receipt of <i>inc/dec offers</i> , <i>nominations</i> and <i>EoD linepack bids</i> .	RP
3.1.9(d) <i>VENCorp</i> must use information on <i>market information bulletin board</i> for <i>scheduling</i> .	RP
3.1.9(e) If a <i>nomination</i> , <i>inc/dec offer</i> or <i>EoD linepack bid</i> is invalid, <i>VENCorp</i> must not <i>schedule</i> it, but must notify <i>Market Participant</i> .	RP
3.1.10(a) <i>Market Participants</i> must submit <i>nominations</i> , <i>inc/dec offers</i> and <i>EoD linepack bids</i> in accordance with <i>electronic communications procedures</i> .	CP
3.1.10(e) Variations and revocations of <i>standing nominations</i> and <i>standing inc/dec offers</i> must be made in accordance with the <i>electronic communication procedures</i> .	CP
3.1.10(f) <i>Market Participants'</i> warranties.	CP
3.1.10(h) Notification by <i>Market Participant</i> of inability to comply with <i>final nomination</i> .	CP
3.1.11 Application by <i>VENCorp</i> of principles to schedule equal priced <i>inc/dec offers</i> .	RP

Rule	Classification*
3.1.12(a) Inputs and assumptions to be used by <i>VENCorp</i> for producing preliminary <i>operating schedules</i> and final <i>operating schedules</i> .	RP
3.1.12(b) <i>VENCorp</i> must apply the inputs and assumptions in an optimisation program to produce <i>preliminary operating schedule</i> and <i>final operating schedule</i> .	RP
3.1.12(c) Publication of <i>preliminary operating schedules</i> and <i>final operating schedules</i> .	RP
3.1.12(d) <i>VENCorp</i> must <i>publish</i> a revised <i>preliminary operating schedule</i> or <i>final operating schedule</i> if there is a material change to circumstances.	RP
3.1.12(e) Each <i>preliminary operating schedule</i> and <i>final operating schedule</i> must include information in clause 5.1.4(b).	RP
3.1.12(f) All material factors taken into account by <i>VENCorp</i> in producing a <i>preliminary operating schedule</i> or <i>final operating schedule</i> must be recorded.	RP
3.1.12(g) <i>VENCorp</i> must maintain records relating to the <i>scheduling process</i> .	RP
3.1.12(h) <i>VENCorp</i> must issue <i>scheduling instructions</i> by 9am each day.	RP
3.1.12(i) <i>VENCorp</i> may issue further <i>scheduling instructions</i> in accordance with the <i>gas scheduling procedures</i> .	RP
3.1.12(j) <i>VENCorp</i> must log or record <i>scheduling instructions</i> .	RP
3.1.13(a) <i>Market Participant</i> must comply with <i>scheduling instruction</i> (subject to clause 3.1.13(b) and (d)).	CP
3.1.13(b) Notification by <i>Market Participant</i> of inability to comply with scheduled <i>inc/dec offer</i> .	CP
3.1.13(c) Notification by <i>VENCorp</i> if <i>Market Participant</i> unable to comply with <i>scheduling instruction</i> .	RP
3.1.13(e) <i>VENCorp</i> may declare non-conforming if <i>Market Participant</i> fails to comply with <i>scheduling instructions</i> , (subject to 3.1.13(b) and (d)).	RP
3.1.13(f) Notification by <i>VENCorp</i> that injections/withdrawals do not conform, (and if certain matters satisfied, <i>VENCorp</i> may <i>intervene</i> ).	RP
3.1.15(a) <i>Storage Providers</i> and <i>Producers</i> must verify quantities of gas intended to be injected into and withdrawn from the <i>transmission system</i> .	CP
3.1.15(b) <i>Storage Providers</i> and <i>Producers</i> must notify <i>VENCorp</i> of a material change to the quantity of gas intended to be injected or withdrawn.	CP
3.1.16(b) <i>VENCorp</i> must establish rules for determining ownership of gas in the <i>transmission system</i> .	RP

<b>Rule</b>	<b>Classification*</b>
3.1.16(c) <i>VENCorp</i> must resolve any dispute relating to ownership of gas in the <i>transmission system</i> .	RP
3.1.16(d) Warranties by <i>Market Participants</i> to <i>VENCorp</i> relating to title of gas.	CP
3.1.16(e) Unconditional and irrevocable authorisation by each <i>Market Participant</i> to <i>VENCorp</i> to effect transfers of title to gas.	CP
3.1.16(f) Indemnification by <i>Market Participants</i> of <i>VENCorp</i> against loss, liability, damage, claim, etc for breach of warranties in clause 3.1.16(d).	CP
<b>3.2 Determination of market price</b>	
3.2.1(a) Determination of <i>market price</i> by <i>VENCorp</i>	RP
3.2.1(b) <i>VENCorp</i> must produce a <i>pricing schedule</i> at the end of each <i>gas day</i> .	RP
3.2.1(c) Inputs to be used by <i>VENCorp</i> in producing <i>pricing schedule</i> .	RP
3.2.1(e) Inputs and assumptions to be applied by <i>VENCorp</i> in an optimisation program to produce <i>pricing schedule</i> .	RP
3.2.1(g) <i>VENCorp</i> must <i>publish</i> the <i>market price</i> .	RP
3.2.2 Obligations of <i>VENCorp</i> to set <i>market price</i> if <i>force majeure event</i> or <i>market suspension</i> .	RP
3.2.3 Obligations of <i>VENCorp</i> to set <i>market price</i> if no <i>force majeure event</i> and/or no <i>market suspension</i> .	RP
3.2.4(c) <i>VENCorp</i> must conduct regular reviews of the value of VoLL	RP
3.2.4(d) <i>VENCorp</i> must conduct a review of the value of VoLL every two years.	RP
<b>3.3 Participant Compensation Fund</b>	
3.3.1 Establishment and maintenance of the <i>participant compensation fund</i> by <i>VENCorp</i> .	RP
3.3.2(a) Collection by <i>VENCorp</i> of amount from <i>Market Participants</i> and payment by <i>Market Participants</i> of contribution to <i>participant compensation fund</i> .	CP
3.3.2(c) Variation and review of funding requirement by <i>VENCorp</i> .	RP
3.3.2(d) <i>VENCorp</i> to determine contribution rate of <i>participant compensation fund</i> .	RP
3.3.2(e) <i>VENCorp</i> must <i>publish</i> funding requirement for <i>participant compensation fund</i> .	RP
3.3.2(f) Payment by <i>Market Participants</i> of a proportion of the funding requirement.	CP

<b>Rule</b>	<b>Classification*</b>
3.3.2(g) Component of <i>settlement amount</i> payable by <i>Market Participants</i> must be paid into <i>participant compensation fund</i> .	CP
3.3.2(i) Maintenance of fund by <i>VENCorp</i> .	RP
3.3.2(k) Payment of tax on interest, fees and compensation payments by <i>VENCorp</i> .	CP
<b>3.4 Linepack and settlement linepack</b>	
3.4.2(b), (c), (d) <i>VENCorp</i> must allocate <i>EoD linepack</i> .	RP
3.4.2(e), (f), (g) Determination of price of <i>EoD linepack</i> .	RP
3.4.2(h) Notification by <i>VENCorp</i> of <i>EoD linepack</i> allocation and price.	RP
3.4.4(a) <i>VENCorp</i> must determine <i>linepack capacity</i> to be made available to <i>Market Participants</i> applicable on <i>commencement date</i> and <i>publish</i> allocations.	RP
3.4.4(b) If there is a material change in <i>EoD linepack capacity</i> , <i>VENCorp</i> must determine and <i>publish</i> the amount of new <i>EoD linepack capacity</i> .	RP
<b>3.5 Allocation and Reconciliation</b>	
3.5.2(a) <i>Market Participants</i> must appoint <i>Allocation Agents</i> at injection points.	CP
3.5.2(b) <i>Market Participants</i> must not submit <i>nomination</i> unless conditions satisfied.	CP
3.5.2(c) Only one <i>Allocation Agent</i> shall be appointed for each <i>system injection point</i> .	CP
3.5.2(d) Notification by <i>Market Participant</i> if <i>Allocation Agent</i> ceases to be approved.	CP
3.5.2(e) <i>Market Participant</i> must ensure <i>Allocation Agent</i> complies with clause 3.5.	CP
3.5.2(g) <i>Allocation Agents</i> must give statement to <i>VENCorp</i> .	CP
3.5.2(h) Amount of total quantity of gas allocated by each <i>Allocation Agent</i> must equal total gas injected.	CP
3.5.2(l) <i>VENCorp</i> must determine quantities of gas which are to be treated as injected.	RP
3.5.2(m) <i>VENCorp</i> must determine quantities of gas treated as injected according to formula.	RP
3.5.3(a) <i>Market Participant</i> must appoint an <i>Allocation Agent</i> at <i>delivery points</i> .	CP

<b>Rule</b>	<b>Classification*</b>
3.5.3(b) <i>Market Participant</i> must not submit <i>nominations</i> unless <i>Allocation Agent</i> appointed and confirmed to <i>VENCorp</i> .	CP
3.5.3(c) Only one <i>Allocation Agent</i> shall be appointed for each <i>delivery point</i> .	CP
3.5.3(d) Notification by <i>Market Participant</i> if <i>Allocation Agent</i> ceases to be appointed by it.	CP
3.5.3(e) <i>Market Participant</i> must ensure <i>Allocation Agent</i> complies with clause 3.5.	CP
3.5.3(g) <i>Allocation Agents</i> must provide statement to <i>VENCorp</i> .	CP
3.5.3(h) Amount of gas allocated by <i>Allocation Agent</i> must equal total quantity withdrawn.	CP
3.5.3(l) <i>VENCorp</i> must determine quantities of gas to be treated as withdrawn, if no <i>Allocation Agent</i> .	RP
3.5.3(m) <i>VENCorp</i> must determine quantity of gas treated as withdrawn according to formula.	RP
3.5.4 Deleted by notice placed in the Government Gazette dated 24 October 2002.	
3.5.5(a)-(f) Deleted by notice placed in the Government Gazette dated 24 October 2002.	
3.5.5(g) Deleted by notice placed in the Government Gazette dated 24 October 2002.	
<b>3.6 Settlements</b>	
3.6.1(a) <i>VENCorp</i> must determine <i>market fees</i> and facilitate billing and <i>settlement</i> of transactions by <i>VENCorp</i> .	RP
3.6.1(b) <i>Market Participants</i> must pay <i>market fees</i> .	CP
3.6.2(a) <i>VENCorp</i> must ensure <i>EFT facility</i> is provided.	RP
3.6.2(b) <i>Market Participants</i> must use the <i>EFT facility</i> .	CP
3.6.3 <i>VENCorp</i> must determine <i>trading amounts</i> for each <i>Market Participant</i> .	RP
3.6.4 Method by which the <i>trading imbalance</i> of a <i>Market Participant</i> shall be calculated.	RP
3.6.5 <i>VENCorp</i> must determine <i>settlement amounts</i> for each <i>Market Participant</i> in accordance with this clause.	RP
3.6.6(a) Payment by <i>Market Participants</i> of amount determined in accordance with clause 3.6.6(b).	CP
3.6.6(b) <i>VENCorp</i> must determine amount of compensation payments payable by <i>Market Participants</i> in accordance with this clause.	RP
3.6.6(d) Inclusion of amounts and details by <i>VENCorp</i> in <i>settlement statement</i> .	RP

Rule	Classification*
3.6.7 <i>VENCorp</i> to determine and pay <i>ancillary payments</i> in accordance with clause 3.6.7.	CP
3.6.8(a) <i>VENCorp</i> must establish and <i>publish</i> procedures for determining <i>uplift payments</i> in consultation with <i>Transmission Pipeline Owners</i> and <i>Market Participants</i> .	RP
3.6.8(aa) <i>VENCorp</i> may modify <i>uplift payment</i> procedures in consultation with <i>Transmission Pipeline Owners</i> and <i>Market Participants</i>	RP
3.6.8(c) A <i>Retailer</i> who sells gas to <i>Customers</i> must pay <i>uplift payments</i> in respect of withdrawals of gas by those <i>Customers</i> .	CP
3.6.8(da) <i>Transmission Pipeline Owners</i> must pay <i>uplift payments</i> .	CP
3.6.8(db) <i>Market Participants</i> must pay <i>uplift payments</i> in excess of the <i>uplift payments</i> obligations placed on <i>Transmission Pipeline Owners</i> under their respective <i>service envelope agreements</i> .	CP
3.6.8(e) <i>VENCorp</i> must <i>publish</i> details of <i>ancillary payments</i> due.	RP
3.6.8(f) If <i>VENCorp</i> determines <i>ancillary payments</i> are attributable to <i>transmission constraints</i> , <i>VENCorp</i> must determine and <i>publish</i> certain information relating to the <i>transmission constraint</i> .	RP
3.6.9 Determination by <i>VENCorp</i> of <i>EoD linepack credits</i> and <i>EoD linepack debits</i> .	RP
3.6.10(a) <i>VENCorp</i> must maintain a <i>linepack account</i> .	RP
3.6.10(b) <i>VENCorp</i> must record <i>linepack credits</i> and <i>linepack debits</i> in <i>linepack account</i> .	RP
3.6.10(c) Formula for <i>VENCorp</i> to determine the amount of any <i>linepack credit</i> or <i>linepack debit</i> .	RP
3.6.11 <i>VENCorp</i> must establish, document and make available to <i>Market Participants</i> procedures for review of the <i>linepack account</i> .	RP
3.6.12(a) <i>VENCorp</i> must clear the balance of the <i>linepack account</i> each month.	RP
3.6.12(b) Payments by <i>Market Participants</i> .	CP
3.6.12(c) Payments by <i>VENCorp</i> to <i>Market Participants</i> .	CP
3.6.13(a) Payment of <i>settlement amounts</i> by <i>Market Participants</i> .	CP
3.6.13(b) Payment of <i>settlement amounts</i> by <i>VENCorp</i> .	CP
3.6.14(a) Provision of preliminary statement by <i>VENCorp</i> .	RP

Rule	Classification*
3.6.14(c) <ul style="list-style-type: none"> <li>• Notification of errors in preliminary statements by <i>Market Participants</i>;</li> <li>• review of preliminary statement by <i>VENCorp</i>.</li> </ul>	RP
3.6.14(d) Notification and correction by <i>VENCorp</i> of errors in preliminary statements.	CP
3.6.15 Provision of <i>final statements</i> by <i>VENCorp</i> .	RP
3.6.16 Payment by <i>Market Participants</i> of <i>settlement amounts</i> .	CP
3.6.17 Payment by <i>VENCorp</i> of <i>settlement amounts</i> .	CP
3.6.18 Settlement disputes must be resolved in accordance with the <i>dispute resolution procedures</i> .	RP
3.6.19 <i>VENCorp</i> must issue <i>revised statements</i> .	CP
3.6.20(a) <i>VENCorp</i> must specify time by which and date on which payment under a <i>revised statement</i> is due.	RP
3.6.20(b) Payment by <i>Market Participants</i> of the revised amount payable.	CP
3.6.20(c) Payment by <i>VENCorp</i> of the revised amount payable.	CP
3.6.23(a) Payment of interest by <i>VENCorp</i> and <i>Market Participants</i> .	CP
3.7 Prudential Requirements	
3.7.2(a) Provision and maintenance of security by <i>Market Participants</i> .	CP
3.7.3 The form of security which must be provided by a <i>Market Participant</i> .	CP
3.7.4(a) <i>VENCorp</i> must determine and confirm each <i>Market Participant's minimum exposure</i> .	RP
3.7.4(c) <i>Market Participants</i> must procure that at all times security held by <i>VENCorp</i> is not less than their <i>minimum exposure</i> .	CP
3.7.5(a) Provision of replacement security by <i>Market Participant</i> .	CP
3.7.5(b) If <i>Market Participant</i> fails to comply, <i>VENCorp</i> must give an <i>Market Participant</i> a <i>suspension notice</i> .	RP
3.7.6(a) <i>VENCorp</i> must notify <i>Market Participant</i> if it exercises rights in accordance with clause 3.6.21 (issue of <i>default notice</i> ).	RP
3.7.6(b) <i>Market Participant</i> must provide additional security.	CP
3.7.6(c) <i>VENCorp</i> must give <i>Market Participant</i> a <i>suspension notice</i> if it fails to comply.	RP

<b>Rule</b>	<b>Classification*</b>
3.7.7(a), (b), (c) Publication of <i>suspension notices</i> and revocation by <i>VENCorp</i> .	RP
3.7.7(e) <i>Market Participants</i> must comply with <i>suspension notices</i> .	CP
3.7.7(g) Publication of notices by <i>VENCorp</i> .	RP
3.7.7(h) <i>VENCorp</i> must deregister suspended <i>Market Participants</i> where incapable of rectifying <i>default event</i> or failure.	RP
3.7.8 Setting of <i>trading limits</i> by <i>VENCorp</i> .	RP
3.7.9 Monitoring of exposures by <i>VENCorp</i> and notification by <i>VENCorp</i> .	RP
3.7.10(a) Making of <i>margin calls</i> by <i>VENCorp</i> .	RP
3.7.10(b) Satisfaction of <i>margin calls</i> by <i>Market Participants</i> .	CP
3.7.10(e) <i>VENCorp</i> must give <i>Market Participant</i> a <i>suspension notice</i> if <i>Market Participant</i> fails to satisfy a <i>margin call</i> .	RP
3.7.11 Information to be treated as confidential by <i>VENCorp</i> .	RP
3.8 <i>VENCorp</i> to apply GST	CP
<b>4. TECHNICAL MATTERS</b>	
4.1 Connection to the Transmission System	
4.1.3 Obligations of <i>Transmission Pipeline Owner</i> .	CP
4.1.4 Obligations of <i>VENCorp</i> .	RP
4.1.5 Obligations of <i>Connected Parties</i> .	CP
4.1.6(d) <i>VENCorp</i> must determine application fee for <i>connection</i> .	RP
4.1.7(a) Submission of information by <i>Transmission Pipeline Owner</i> to <i>VENCorp</i> .	CP
4.1.7(b) & (d) <i>VENCorp</i> obligations in relation to approval/rejection of <i>connection</i> .	RP
4.1.7(e) Provision of information by <i>Transmission Pipeline Owner</i> and <i>Connection Applicant</i> .	CP
4.1.7(f) <i>VENCorp</i> must determine <i>connection</i> principles and procedures and incorporate into these Rules.	RP
4.1.7(g) <i>VENCorp</i> must <i>publish</i> connection guidelines.	RP
4.1.8(a) <i>Transmission Pipeline Owner</i> must prepare and make offer to <i>connect</i> .	CP
4.1.8(b) The offer to <i>connect</i> must contain the proposed terms and conditions for <i>connection</i> to the <i>transmission system</i> .	CP

<b>Rule</b>	<b>Classification*</b>
4.1.8(c) Offer to <i>connect</i> must satisfy certain conditions.	CP
4.1.8(d) <i>Transmission Pipeline Owner</i> must use reasonable endeavours to provide an offer in accordance with certain requirements.	CP
4.1.8(e) Conduct of negotiations between <i>Transmission Pipeline Owner</i> and <i>Connection Applicant</i> must be in good faith.	CP
4.1.8(f) Offer to <i>connect</i> must define the basis for determining charges.	CP
4.1.9(a) Obligations of <i>Connection Applicant</i> if <i>Connection Applicant</i> accepts offer.	CP
4.1.9(c) <i>Connection agreement</i> must be based on the offer to <i>connect</i> .	CP
4.1.10(a) <i>Connection agreement</i> must not be entered unless approved by <i>VENCorp</i> .	CP
4.1.10(b) Submission of <i>connection agreement</i> by <i>Transmission Pipeline Owner</i> to <i>VENCorp</i> .	CP
4.1.10(c) Provision of information by <i>Transmission Pipeline Owner</i> to <i>VENCorp</i> .	CP
4.1.10(d) Approval or rejection of <i>connection agreement</i> by <i>VENCorp</i> within ten <i>business days</i> .	RP
4.1.10(f) Provision of information by <i>Transmission Pipeline Owner</i> and <i>Connection Applicant</i> .	CP
4.1.11 <i>Transmission Pipeline Owner</i> must consult with <i>VENCorp</i> in relation to proposed <i>connection</i> .	CP
4.1.12(a) <ul style="list-style-type: none"> <li>• Information must be prepared, given and used in good faith.</li> <li>• Information must be treated as confidential and protected from disclosure.</li> </ul>	CP
4.1.12(b) Notification of change to information by <i>Transmission Pipeline Owner/Connection Applicant</i> .	CP
4.1.13 <i>Interconnecting Pipeline Owner</i> must enter into <i>connection agreement</i> .	CP
<b>4.2 LNG Storage</b>	
4.2.2(a) <i>VENCorp</i> is responsible for <i>scheduling</i> of <i>LNG injection offers</i> and managing <i>LNG reserve</i> .	RP
4.2.2(b) <i>VENCorp</i> must establish committee to review <i>VENCorp's</i> entitlement to <i>LNG reserve</i> .	RP
4.2.3 Obligations of the <i>LNG Storage Provider</i> .	CP

<b>Rule</b>	<b>Classification*</b>
4.2.4(a), (b) Provision of information by <i>LNG Storage Provider</i> to <i>VENCorp</i> in relation to <i>BOC Agreement</i> .	CP
4.2.4(d) <i>LNG Storage Provider</i> must not terminate/vary <i>BOC Agreement</i> without consent of <i>VENCorp</i> .	CP
4.2.5(a) <i>VENCorp</i> must not adversely affect <i>BOC's LNG storage entitlement</i> .	RP
4.2.5(b) Provision of <i>LNG storage capacity</i> by <i>LNG Storage Provider</i> .	CP
4.2.5(c) <i>LNG storage capacity</i> must be made available to <i>VENCorp</i> .	CP
4.2.5(d) <i>Market Participant</i> must hold <i>LNG storage capacity</i> in order to use <i>LNG storage facility</i> .	CP
4.2.5(e) <i>LNG Storage Provider</i> must maintain register.	CP
4.2.6(b) <i>Market Participant</i> may not transfer <i>LNG storage/stock</i> under certain conditions.	CP
4.2.6(d) <i>LNG Storage Provider</i> must not reject transfer which satisfies requirements.	CP
4.2.6(e), (f) Notification of proposed <i>LNG storage transfer</i> by transferor and transferee.	CP
4.2.6(g) Registration of <i>LNG storage transfer</i> by <i>LNG Storage Provider</i> and notification to <i>VENCorp</i> .	CP
4.2.6(j) Registration by <i>LNG Storage Provider</i> of cessation of entitlement to <i>LNG storage capacity</i> .	CP
4.2.7(a) <i>LNG Storage Provider</i> must order maximum quantity of gas.	CP
4.2.7(c) Determination of quantity of gas by <i>LNG Storage Provider</i> and notification to <i>VENCorp</i> .	CP
4.2.8(a) <i>Market Participants</i> must submit <i>LNG injection offers</i> .	CP
4.2.8(b)-(d) <i>VENCorp's</i> obligations in relation to the acceptance and scheduling of <i>LNG injection offers</i> .	RP
4.2.9(a) <i>VENCorp</i> may utilise <i>LNG Reserve</i> in accordance with this clause.	RP
4.2.9(b) Compliance by <i>LNG Storage Provider</i> with <i>VENCorp</i> directions.	CP
4.2.9(c) Review of <i>LNG Reserve</i> by <i>VENCorp</i> .	RP
4.2.9(d) Consultation by <i>VENCorp</i> with <i>Market Participants</i> and <i>LNG Storage Provider</i> for the purpose of carrying out review of <i>LNG reserve</i> .	RP
4.2.9(e) Action which must be taken by <i>LNG Storage Provider</i> and <i>Market Participants</i> .	CP

Rule	Classification*
4.2.10(a) Establishment and operation of information exchange system by <i>LNG Storage Provider</i> and <i>VENCorp</i> .	RP
4.2.10(d) Provision of information referred to in clause 4.2.7(d) by <i>VENCorp</i> on request.	RP
4.3 Gas Quality	
4.3.1(b) <i>VENCorp</i> is responsible for ensuring gas complies with <i>prescribed specifications</i> .	RP
4.3.1(d) <i>Participants</i> must comply with <i>gas quality specifications</i> .	CP
4.3.1(e) Requirement of gas quality monitoring at all <i>system injection points</i> .	CP
4.3.2(b)(1) If <i>VENCorp</i> considers contract not being complied with or that conditions can no longer be satisfied, <i>VENCorp</i> must notify Market Participants that gas quality standards no longer approved (and <i>VENCorp</i> may refuse to accept gas).	RP
4.3.2(b)(2) <i>Market Participant</i> must not inject any further gas.	CP
4.3.3(a) Provision of <i>gas quality monitoring system</i> by <i>Transmission Pipeline Owner</i> .	CP
4.3.3(b) <i>Gas quality monitoring system</i> must be approved by <i>VENCorp</i> .	CP
4.3.3(c) <i>Gas quality monitoring system</i> must perform certain functions.	CP
4.3.3(d) <i>Gas quality monitoring system</i> must include certain equipment.	CP
4.3.3(e) Provider of <i>gas quality monitoring system</i> must ensure data transmitted in form and manner compatible with database.	CP
4.3.3(f) Submission of plan to <i>VENCorp</i> by provider of <i>gas quality monitoring system</i> .	CP
4.3.3(g) Provision of information by provider of the <i>gas quality monitoring system</i> and payment of costs by party requesting information.	CP
4.3.4(a) <i>Participant</i> must use reasonable endeavours to ensure that any gas complies with the <i>gas quality specifications</i> .	CP
4.3.4(c) <i>VENCorp</i> must not refuse to accept gas which complies with <i>gas quality specifications</i> .	RP
4.3.4(d) Notification by <i>Participants</i> if aware gas does not comply with <i>gas quality specifications</i> .	CP
4.3.4(f) Notification by <i>VENCorp</i> if it intends to accept <i>off-specification gas</i> .	RP
4.4 Metering	

Rule	Classification*
4.4.1(e)(3) Costs of new <i>metering installations</i> , modifications to existing <i>metering installations</i> and decommissioning to be borne by <i>affected Participant</i> .	CP
4.4.3(c) Agreement by <i>Participants</i> under this clause must not be unreasonably withheld.	CP
4.4.3(d) A person who is not a <i>Participant</i> may only be a <i>responsible person</i> if it agrees with <i>VENCorp</i> to be bound by this clause and other conditions <i>VENCorp</i> may reasonably require.	CP
4.4.3(e) Notification by person who would otherwise be the <i>responsible person</i> .	CP
4.4.4 Obligations of <i>responsible person</i> .	CP
4.4.5 <i>Affected Participant</i> may provide additional equipment provided such equipment complies with certain requirements.	CP
4.4.6 <i>Metering installation</i> must comply with certain requirements.	CP
4.4.7 <i>Responsible person</i> must ensure <i>metering installation</i> is located as close as practicable to relevant point.	CP
4.4.8 Accuracy requirements for <i>metering installation</i> .	CP
4.4.9(b) <i>Responsible person</i> must ensure <i>metering installation</i> is calibrated in accordance with schedule.	CP
4.4.9(c) <i>VENCorp</i> must review calibration requirements and <i>publish changes</i> .	RP
4.4.9(d) Establishment of calibration procedures by <i>responsible person</i> .	CP
4.4.9(f) Making of results of tests available by <i>responsible person</i> .	CP
4.4.9(h) <i>Responsible person</i> must permit representatives to be present at calibration.	CP
4.4.9(i) <i>Responsible person</i> must give notice of calibration.	CP
4.4.9(j) Notification by <i>affected Participants</i> who wish to have representative present. Parties must use reasonable endeavours to agree time and date.	CP
4.4.9(m) Cost of calibration must be borne by person requiring calibration or <i>responsible person</i> .	CP
4.4.9(n) Monitoring of <i>metering installations</i> by <i>responsible person</i> on regular basis.	CP
4.4.9(o) Obligations of <i>responsible person</i> if it becomes aware that the accuracy of a <i>metering installation</i> does not comply with clause 4.4.	CP

Rule	Classification*
4.4.9(p) Obligation of <i>responsible person</i> to provide report and estimate quantity of gas transferred after it becomes aware of any matter described in clause 4.4.9(o).	CP
4.4.9(q) Notification by <i>responsible person</i> of modification, adjustment, etc, of <i>metering installations</i> .	CP
4.4.10(a) Protection of <i>metering installation</i> by <i>responsible person</i> .	CP
4.4.10(b) Notification by <i>Participant</i> if evidence of tampering found.	CP
4.4.10(c) Testing by <i>responsible person</i> if evidence that accuracy might have been affected by tampering.	CP
4.4.10(d) Payment of costs by a <i>Participant</i> who interferes with a <i>metering installation</i> without approval.	CP
4.4.11 Protection of <i>metering data</i> by <i>responsible person</i> .	CP
4.4.12(a),(b) Notification and confirmation to <i>VENCorp</i> by a <i>responsible person</i> of changes to parameters or settings.	CP
4.4.12(c) Recording of changes to parameters or settings by <i>VENCorp</i> in <i>metering register</i> .	RP
4.4.13(a) <i>Responsible person</i> must ensure that the <i>metering installation</i> complies with this clause 4.4.13.	CP
4.4.13(b), (c) & (e) <i>Metering installations</i> must be capable of determining the energy content.	CP
4.4.13(g) Determination by <i>VENCorp</i> of the source of data used for determining the energy content of gas.	RP
4.4.13(h) <i>VENCorp's</i> obligations associated with determining appropriate source of data.	RP
4.4.13(i) <i>VENCorp</i> to ensure heating values are to be applied.	RP
4.4.13(j) Data must be averaged and applied by <i>responsible person</i> for the purpose of measuring energy content of gas.	CP
4.4.13(k) <i>Metering installation</i> must be capable of recording <i>metering data</i> transmitted to <i>metering database</i> .	CP
4.4.14(a) <i>Responsible person</i> must procure that <i>metering data</i> is transmitted to <i>metering database</i> .	CP
4.4.14(b) <i>Responsible person</i> to procure repairs are made to <i>metering installations</i> .	CP
4.4.14(c) Advice by <i>Participant</i> to <i>VENCorp</i> of <i>metering installation</i> malfunction or defect.	CP
4.4.15(a) Meter clocks must be referenced to Australian Eastern Standard Time.	CP

Rule	Classification*
4.4.15(b) <i>Metering data</i> must be set within specified accuracy limits.	CP
4.4.16(a) Provision of pulse outputs by <i>responsible person</i> .	CP
4.4.16(b) Payment of costs by person requesting the pulse output.	CP
4.4.17 Protection of data in <i>metering installation</i> by <i>responsible person</i> .	CP
4.4.18(a) <i>VENCorp</i> must collect <i>metering data</i> so as to determine certain matters.	RP
4.4.18(b) <i>Participants</i> to use reasonable endeavours to provide <i>metering data</i> .	CP
4.4.18(c), (d) Obligation of <i>responsible person</i> to ensure data capable of transmission/accessible by <i>VENCorp</i> .	CP
4.4.19 Creation of <i>installation database</i> by <i>responsible person</i> and ensuring <i>VENCorp</i> and affected <i>Participants</i> have access.	CP
4.4.20 Creation and maintenance of <i>metering database</i> and granting of access to <i>metering database</i> by <i>VENCorp</i> .	RP
4.4.21(a),(b) Maintenance of <i>metering register</i> by <i>VENCorp</i> .	RP
4.4.21(c)(1) Advice by <i>VENCorp</i> if information in <i>metering register</i> indicates that a <i>metering installation</i> does not comply with this clause.	RP
4.4.21(c)(2) Obligation of <i>responsible person</i> to procure that the <i>metering installation</i> does comply.	CP
4.4.21(ca), 4.4.21(d) Deleted by notice placed in the Government Gazette dated 24 October 2002.	
4.4.22(e) <i>Responsible person</i> to ensure congestion does not occur.	CP
4.4.22(f) Responsibility of <i>responsible person</i> to ensure that persons have access.	CP
4.4.22(g) Obligation of <i>responsible person</i> to provide local reading.	CP
4.4.23 Payment for access to <i>metering data</i> by <i>Participant</i> to whom access provided.	CP
4.4.24(a)-(f), (h) Validation and substitution of <i>metering data</i> by <i>VENCorp</i> .	RP
4.4.24(g) Obligations of <i>affected Participant</i> and <i>VENCorp</i> if an <i>affected Participant</i> disputes a substitution made by <i>VENCorp</i> .	RP
4.4.25 Obligation of <i>Participants</i> to ensure passwords and <i>metering data</i> are treated as <i>confidential information</i> .	CP

Rule	Classification*
4.4.26(a) <i>Metering data</i> must be used by <i>VENCorp</i> as the primary source of data for <i>settlements</i> .	RP
4.4.26(c) <ul style="list-style-type: none"> <li>• Where <i>metering installation</i> used for additional purpose, must not be inconsistent with, or cause <i>Participant</i> to breach Rules or laws;</li> <li>• <i>Responsible person</i> must co-ordinate with persons who use <i>metering installation</i> for other purposes.</li> </ul>	CP CP
4.4.27(2), 4.4.28 <i>VENCorp</i> must undertake review of the <i>metering</i> provisions.	RP
<b>5. MARKET INFORMATION AND SYSTEM PLANNING</b>	
<b>5.1 Market Information</b>	
5.1.1(b) Information concerning the operation of the <i>market</i> must be made available by <i>VENCorp</i> . <i>VENCorp</i> may charge a fee.	RP
5.1.1(c) Information in relation to the <i>market price</i> must be made available by <i>VENCorp</i> .	RP
5.1.2(a) All information by <i>Participants</i> to <i>VENCorp</i> must be provided by means of the <i>electronic communication system</i> .	CP
5.1.2(b) Information must be provided using templates.	CP
5.1.2(c) Information must be <i>time stamped</i> by <i>VENCorp</i> .	RP
5.1.2(e) Development of <i>electronic communication procedures</i> by <i>VENCorp</i> .	RP
5.1.3 Establishment, maintenance and publication of <i>Participant data</i> by <i>VENCorp</i> .	RP
5.1.4 Publication of schedules by <i>VENCorp</i> .	RP
5.1.5 Market information must be made available by <i>VENCorp</i> .	RP
5.1.6 <i>VENCorp</i> must retain records for seven years.	RP
5.1.7 <i>VENCorp</i> must arrange for a <i>Review</i> .	RP
5.2.1(b), (c), (d) <i>VENCorp</i> must provide planning reviews and use reasonable endeavours to ensure that <i>planning reviews</i> accurately reflect the information provided to <i>VENCorp</i> .	RP
5.2.2 Preparation and provision of <i>annual planning reviews</i> by <i>VENCorp</i> .	RP
5.2.3(a) Preparation and provision of <i>biannual planning reviews</i> by <i>VENCorp</i> .	RP

Rule	Classification*
5.2.3(b),(c),(d) Information which must be included by <i>VENCorp</i> in the <i>biannual planning reviews</i> .	RP
5.2.3(e) <i>VENCorp</i> must update <i>biannual planning review</i> if previous review becomes materially inaccurate.	RP
5.2.4(a)-(e) Provision of forecasts by <i>Participants</i> .	CP
5.2.4(f) Confidentiality obligations of <i>VENCorp</i> .	RP
5.2.4(h) Obligations of <i>Participants</i> to provide information in good faith and to ensure the information is accurate.	CP
5.2.6(a) Co-ordination of maintenance by <i>VENCorp</i> to ensure <i>system security</i> .	RP
5.2.6(b) Development of operating procedures by <i>VENCorp</i> .	RP
5.2.6(c) Obligation of <i>Transmission Pipeline Owner</i> to act in accordance with forecasts.	CP
5.2.6(d) <ul style="list-style-type: none"> <li>• Obligation of <i>Pipeline Owner/Storage Providers</i> to act in accordance with forecasts.</li> <li>• Co-operation by <i>Pipeline Owners/Storage Providers</i>.</li> </ul>	CP CP
5.2.6(f) Provision of information by <i>Pipeline Owners/Storage Providers</i> if breakdown or potential breakdown of equipment.	CP
5.2.6(g) Provision of details of defect in equipment by <i>VENCorp</i> .	RP
<b>5.3 MDQ authorisation</b>	
5.3.1(a), (b) <i>VENCorp</i> and a <i>Transmission Pipeline Owner</i> must enter into a <i>service envelope agreement</i> .	CP
5.3.1(d) <i>VENCorp</i> and <i>Transmission Pipeline Owner</i> must supply information requested by independent person.	RP
5.3.1(f) <i>VENCorp</i> and <i>Transmission Pipeline Owner</i> must ensure resolution of disagreement reflected in <i>service envelope agreement</i> .	CP
5.3.2(a) <i>VENCorp</i> must allocate <i>authorised MDQ</i> .	RP
[5.3.2(b) deleted: Order in Council dated 10 March, published in the Government Gazette dated 11 March 1999]	
5.3.2(c) <i>VENCorp</i> must notify <i>Market Participants</i> to whom <i>authorised MDQ</i> is allocated.	RP
5.3.2(d) A <i>Retailer</i> must notify its <i>Customers</i> of the <i>Customer's authorised MDQ</i> .	CP
5.3.2(e) <i>VENCorp</i> must advise a <i>Customer</i> of the <i>Customer's authorised MDQ</i> .	RP

Rule	Classification*
5.3.2(h) <i>VENCorp</i> must prepare a report on <i>authorised MDQ</i> allocated under clause 5.3.2.	RP
5.3.3(a) A <i>Transmission Pipeline Owner</i> who extends or expands its <i>pipeline</i> must consult with <i>VENCorp</i> .	CP
5.3.3(b), 5.3.3(ba) <i>VENCorp</i> must allocate additional <i>authorised MDQ</i> and <i>AMDQ credit certificates</i> according to the direction of <i>Transmission Pipeline Owner</i> .	RP
5.3.3(c) <i>VENCorp</i> must not allocate <i>authorised MDQ</i> and <i>AMDQ credit certificates</i> except in accordance with the direction of relevant <i>Transmission Pipeline Owner</i> .	RP
5.3.3(d) <i>VENCorp</i> and <i>Transmission Pipeline Owner</i> must modify existing <i>service envelope agreement</i> .	CP
[5.3.3(e) reference deleted by notice published in the Government Gazette dated 28 February 2002]	
[5.3.3(f) reference deleted by notice published in the Government Gazette dated 28 February 2002]	
5.3.4(a) <i>VENCorp</i> must allocate spare <i>authorised MDQ</i> .	RP
5.3.4(b) <i>VENCorp</i> must develop and <i>publish</i> procedures for the transfer of <i>authorised MDQ</i>	RP
[5.3.4(c) and (d) deleted: Order in Council dated 10 March 1999, published in the Government Gazette dated 11 March 1999]	
5.3.4(e) Requirements to be observed by <i>VENCorp</i> in allocating spare <i>authorised MDQ</i> .	RP
5.3.4(g) <i>VENCorp</i> must use monies received from auctioning <i>authorised MDQ</i> to offset its costs.	RP
5.3.5(a) Persons may transfer <i>Authorised MDQ</i> in accordance with procedures developed and <i>published</i> by <i>VENCorp</i>	CP
5.3.5(b) <i>VENCorp</i> must develop and <i>publish</i> procedures for the transfer of <i>authorised MD</i> .	RP
5.3.6(a) <i>Authorised MDQ</i> of a person disconnected from the <i>transmission system</i> reverts to <i>VENCorp</i> .	CP
5.3.6(b) <i>Authorised MDQ</i> and <i>AMDQ credit certificates</i> of a person disconnected from the <i>transmission system</i> reverts to the originally issuing <i>Transmission Pipeline Owner</i> .	CP

<b>Rule</b>	<b>Classification*</b>
<b>5.4 Confidentiality</b>	
5.4.1 Obligation of <i>VENCorp/Participants</i> to keep information confidential.	RP
5.4.3 Precautions by <i>VENCorp/Participants</i> to ensure recipients keep information confidential if information disclosed.	RP
5.4.4 Indemnification of <i>VENCorp</i> by <i>Participants</i> .	CP
5.4.5 Obligation of <i>Participants</i> to comply for three years after ceasing to be a <i>Participant</i> .	CP
5.4.6 Development and implementation of confidentiality policy by <i>VENCorp</i> .	RP
<b>6. INTERVENTION AND MARKET SUSPENSION</b>	
<b>6.1 Overview</b>	
6.1.2 Responsibility of <i>VENCorp</i> (and acknowledgments by <i>Participants</i> ).	RP
<b>6.2 Emergencies</b>	
6.2.1(c) <i>Participant</i> must notify <i>VENCorp</i> of <i>emergencies/action</i> taken.	CP
6.2.1(g) <i>Participants</i> must ensure its <i>safety plan</i> permits it to comply with <i>emergency</i> directions.	CP
6.2.1(i) Notification by <i>VENCorp</i> of end of <i>emergency</i> .	RP
6.2.2.(c)-(e) Obligation of <i>VENCorp</i> to prepare <i>emergency procedures</i> and make available <i>emergency procedures</i> to each <i>Participant</i> .	RP
<b>6.3 Emergency Planning by Participants</b>	
6.3.1 Provision of <i>emergency</i> contact information by <i>Participants</i> .	CP
6.3.2 Establishment and maintenance of internal <i>safety procedures</i> by <i>Participants</i> .	CP
6.3.3 Obligation of <i>Participants</i> to ensure officers/staff/customers familiar with procedures.	CP
<b>6.4 Emergency Curtailment of Customers</b>	
6.4.1 Provision of <i>curtailment</i> information by <i>Distributors</i> .	CP
6.4.2 Provision of <i>curtailment</i> information by <i>Transmission Customers</i> .	CP
6.4.3 Preparation of <i>emergency curtailment</i> list and notification by <i>VENCorp</i> .	RP

Rule	Classification*
<b>6.5 Response to Emergency</b>	
6.5.1(a) Obligation of <i>VENCorp</i> to provide information when an <i>emergency</i> arises.	RP
6.5.1(b) Obligation of each <i>Participant</i> to advise officers/staff of the nature and existence of an <i>emergency</i> .	RP
6.5.1(c)(1) <i>VENCorp</i> may issue such <i>emergency directions</i> as it reasonably considers necessary.	RP
6.5.1(c)(2) Obligations of each <i>Participant</i> during an <i>emergency</i> .	CP
6.5.1(d) <i>Participants</i> must use reasonable endeavours to ensure that its <i>Customers</i> act in a manner which enables the <i>Participant</i> to comply with its obligations.	RP
6.5.1(e) <i>VENCorp</i> must decide which requirements are to prevail in the event of conflict between procedures, chapter 6 and an <i>emergency direction</i> .	RP
6.5.2(b) Obligation of each <i>Participant</i> to comply with all such <i>emergency directions</i> .	CP
6.5.2(e) Shortfall to be paid to <i>VENCorp</i> by <i>Market Participants</i> .	CP
6.5.3(b) Obligation of <i>Participants</i> to comply with such <i>emergency directions</i> .	CP
6.5.3(e) Shortfall to be paid to <i>VENCorp</i> by <i>Market Participants</i> .	CP
<b>6.6 System Security Threat</b>	
6.6.1(a) Provision of details of threat to <i>system security</i> to <i>Participants</i> by <i>VENCorp</i> .	RP
6.6.1(c) Obligation of <i>Participants</i> to provide information to <i>VENCorp</i> .	CP
6.6.1(d) <i>VENCorp</i> must treat information as <i>confidential</i> and only use it for certain purposes.	RP
6.6.1(e) Obligation of <i>VENCorp</i> to inform to <i>Participants</i> when threat to <i>system security</i> at an end.	RP
6.6.2(a) Facilitation of response to <i>system security</i> threat by <i>VENCorp</i> .	RP
6.6.2(b) Obligations on <i>VENCorp</i> to take certain action if insufficient time for a threat to <i>system security</i> to subside.	RP
6.6.3(a) If <i>VENCorp</i> believes that sufficient time exists for a threat to <i>system security</i> to subside without <i>intervention</i> , <i>VENCorp</i> must take certain action.	RP
6.6.3(b) Obligation of <i>Participants</i> to comply with all requests and directions issued by <i>VENCorp</i> .	CP

<b>Rule</b>	<b>Classification*</b>
6.6.4 If <i>VENCorp</i> believes insufficient time exists for threat to <i>system security</i> to subside without <i>intervention</i> , <i>VENCorp</i> must <i>intervene</i> .	RP
6.6.5.(c) Obligation of <i>VENCorp</i> to request the <i>Adviser</i> to establish a <i>compensation panel</i> and to refer the claim to the <i>Adviser</i> .	RP
6.6.5.(d) Obligation of <i>Adviser</i> to establish <i>compensation panel</i> .	RP
6.6.5.(e) Determination of issues by <i>compensation panel</i> .	RP
6.6.5.(f) Conduct and bases of determination by <i>compensation panel</i> .	CP
6.6.5.(g) Compensation of <i>Market Participant</i> by <i>VENCorp</i> .	CP
<b>6.7 Force Majeure and Market Suspension</b>	
6.7.1 Development and publication by <i>VENCorp</i> of <i>administered price cap</i> .	RP
6.7.2.(c) Notification by <i>VENCorp</i> of <i>force majeure event</i> .	RP
6.7.2.(d) <i>Participants</i> must use reasonable endeavours not to exacerbate and must mitigate effects of <i>force majeure event</i> .	CP
6.7.2.(e) If any <i>force majeure event</i> occurs <i>VENCorp</i> must declare <i>administered price period</i> .	RP
6.7.3.(b) <i>VENCorp</i> must not declare the <i>market</i> to be suspended solely because of certain factors.	RP
6.7.4 Declaration and notification of <i>market</i> suspension by <i>VENCorp</i> .	RP
6.7.5.(a) <i>Market price</i> during <i>market</i> suspension must be determined by <i>VENCorp</i> in accordance with clause 3.2.2.	RP
6.7.6.(c) <i>VENCorp</i> must request the <i>Adviser</i> to establish a <i>compensation panel</i> and to refer the claim to the <i>Adviser</i> for determination.	RP
6.7.6.(d) <i>Adviser</i> must establish <i>compensation panel</i> .	RP
6.7.6.(e) <i>Compensation panel</i> must make determination and notify <i>VENCorp</i> .	RP
6.7.6.(f) Conduct and bases of determination of <i>compensation panel</i> .	RP
6.7.6.(g) <i>VENCorp</i> must compensate the <i>Market Participant</i> in accordance with determination.	CP
6.7.7 <i>VENCorp</i> must <i>publish intervention report</i> .	RP
<b>6.8 Review of Chapter 6</b>	
6.8.1 Timing of review.	RP

<b>Rule</b>	<b>Classification*</b>
6.8.2 Terms of reference.	RP
6.8.3 Process of review.	RP
<b>7. ENFORCEMENT AND DISPUTES</b>	
<b>7.1 Enforcement</b>	
7.1.1(b) If <i>VENCorp</i> requests information from <i>Participants</i> , <i>VENCorp</i> must provide reasons.	RP
7.1.1(c) <i>Participants</i> must comply with a request made by <i>VENCorp</i> .	CP
7.1.1(e) Provision of assistance to investigator by <i>Participants</i> .	CP
7.1.1(f) Cost of investigation to be met by <i>Participants</i> .	CP
7.1.2 <i>VENCorp</i> obligations concerning alleged breaches of Rules.	RP
7.1.5 Publication by <i>VENCorp</i> of report summarising decisions of <i>VENCorp</i> in relation to enforcement.	RP
<b>7.2 Dispute Resolution</b>	
7.2.1(b) Obligation of parties to comply with the procedures.	RP
7.2.1(c) Party must apply to the <i>Regulator</i> if parties cannot agree on procedures.	RP
7.2.1(d) <i>Regulator</i> must decide and direct the parties.	RP
7.2.1(g) Parties must comply with the decision of the <i>Regulator</i> .	RP
7.2.2(a)-(c) <i>VENCorp</i> must appoint <i>Adviser</i> , having regard to certain matters.	RP
7.2.2(d) <i>VENCorp</i> may terminate appointment if, in its reasonable opinion, the <i>Adviser</i> does not meet the requirements.	RP
7.2.2(e)-(h) <i>VENCorp</i> , in consultation with the <i>Adviser</i> , must select group to constitute <i>dispute resolution panel</i> , having regard to certain matters.	RP
7.2.3(c) <ul style="list-style-type: none"> <li>• <i>Adviser</i> must notify all other parties of the dispute;</li> <li>• Provision of information by parties if requested by <i>Adviser</i>.</li> </ul>	RP
7.2.3(f) Appointment of <i>dispute resolution panel</i> and reference of dispute to <i>dispute resolution panel</i> by the <i>Adviser</i> .	RP
7.2.4(a) <i>Adviser</i> must establish <i>dispute resolution panel</i> .	RP
7.2.4(c) <i>Dispute resolution panel</i> must select procedures to apply to the dispute resolution process.	RP
7.2.4(d) Venue to be determined by the <i>dispute resolution panel</i> .	RP

<b>Rule</b>	<b>Classification*</b>
7.2.4(e) Compliance by parties with any procedural requirements imposed by the <i>dispute resolution panel</i> .	CP
7.2.4(f) Period within which the <i>dispute resolution panel</i> must give notice of its determination.	RP
7.2.4(g) Provision of written notice to <i>dispute resolution panel</i> by the parties describing action taken following <i>dispute resolution panel's</i> determination.	RP
7.2.5(d) <i>Adviser</i> must notify all <i>Participants</i> who may be affected.	RP
7.2.5(e) Monies must be paid on the date specified for payment in the <i>settlement statement</i> .	CP
7.2.6(a) Issue of revised <i>settlement statement</i> by <i>VENCorp</i> .	RP
7.2.6(b) Payment by relevant <i>Participant</i> of the amount specified.	CP
7.2.9 Determination is binding on the parties and the parties are obliged to comply with a determination.	CP
7.2.10(a) Written details of the resolution must be sent to the <i>Adviser</i> by the chairman of the <i>dispute resolution panel</i> .	RP
7.2.10(b) Summary of resolution to be sent by <i>Adviser</i> to <i>VENCorp</i> and the parties.	RP
7.2.10(d) Results of dispute resolutions must be made available by <i>VENCorp</i> to certain persons.	RP
7.2.13 Indemnification by <i>VENCorp</i> of <i>Adviser</i> and members of <i>dispute resolution panel</i> .	CP
<b>8. RULES CHANGES</b>	
8.1(a) Rules may only be changed by the board of directors of <i>VENCorp</i> if certain matters are satisfied.	RP
8.1(b) Implementation of rule change by <i>VENCorp</i> on effective date.	RP
8.1(c) Rule change report must be developed and made available by <i>VENCorp</i> to <i>Participants</i> .	RP
8.3 <i>VENCorp</i> must consider certain matters in assessing a proposed Rule change.	RP
8.4(a) Decision by <i>VENCorp</i> on Rule change proposed by other person as soon as possible unless <i>VENCorp</i> reasonably considers it has insufficient information or it is not practicable.	RP
8.4(b) <i>VENCorp</i> Board must not approve Rule change unless satisfied of certain matters.	RP
8.4(c) If <i>VENCorp</i> Board rejects proposed Rule change, <i>VENCorp</i> must give notice.	RP
8.5 Submission of proposed change by <i>VENCorp</i> to <i>Regulator</i> .	RP

Rule	Classification*
8.6 Assessment and notification by <i>Regulator</i> of proposed Rule change.	RP
8.7 <i>VENCorp</i> must take certain action following <i>Regulator's</i> decision.	RP
8.8(a) Notification by <i>Regulator</i> of approval of Rule change to <i>VENCorp</i> .	RP
8.8(b) Written notice of rule change by <i>VENCorp</i> to all <i>Participants</i> .	RP
8.8(c) Notification to <i>Participants</i> by <i>VENCorp</i> of the date on which the rule change is to take effect.	RP
<b>9. TRANSITIONAL ARRANGEMENTS</b>	
9.1.1(a) <i>VENCorp</i> must establish a <i>gas market review committee</i> by 1 September 1999.	RP
9.1.1(b) <i>Gas market review committee</i> to consist of certain members.	RP
9.1.1(c) <i>VENCorp</i> must appoint one member of the <i>gas market review committee</i> to act as Chairman.	RP
9.1.1(d) <i>VENCorp</i> must provide administrative support.	RP
9.1.1(e) The <i>gas market review committee</i> must prepare procedures for governing its operation and review the need for a change to locational and hourly pricing.	RP
9.1.1(f) The <i>gas market review committee</i> must undertake a review in accordance with <i>public consultation procedures</i> and may engage suitably qualified external consultants.	RP
9.1.1(g) <i>VENCorp</i> is to fund the costs of engaging consultants from <i>market fees</i> .	RP
9.1.1(h) The <i>gas market review committee</i> must take into account certain factors.	RP
9.1.1(i) The <i>gas market review committee</i> must prepare and submit a report by 1 December 1999.	RP
9.1.1(j) The report submitted by the <i>gas market review committee</i> must include certain information (if the committee endorses the change to hourly and locational pricing).	RP
9.1.1(k) If the <i>gas market review committee</i> concludes that hourly, locational pricing should not be introduced, the report (submitted under clause 9.1.1(i)) must contain a recommendation for Rules changes.	RP
9.1.1(l) <i>VENCorp</i> must establish procedures for transition to locational and hourly pricing if recommended by <i>gas market review committee</i> .	RP

Rule	Classification*
9.1.1(m) If gas <i>market review committee</i> does not reach a conclusion, <i>VENCorp</i> must proceed with transition to hourly and locational pricing.	RP
9.1.2 <i>VENCorp</i> must give effect to contract for Interconnect between Victoria and New South Wales and amend these Rules.	RP
<b>10. INTERPRETATION</b>	
10.5 <i>Participants</i> must not assign rights or obligations under these Rules.	CP
10.7 Method of payment under Rules.	CP
10.9 Records and documents must be retained for seven years.	RP

## **CHAPTER 8. RULES CHANGES**

## 8.1 CHANGING THESE RULES

- (a) These Rules may only be changed by the Board of Directors of *VENCorp* in accordance with clause 8.1(b) if:
- (1) any person including *VENCorp* proposes a Rule change; and
  - (2) where the Rule change is proposed:
    - (A) by a person other than *VENCorp*, the Board of Directors of *VENCorp* approves the proposed Rule change under clauses 8.3 and 8.4; or
    - (B) by *VENCorp*, *VENCorp* has complied with clause 8.3 and the Board of Directors of *VENCorp* is satisfied that the Rule change satisfies the provisions of clause 8.2(b)(3) and is consistent with the performance by *VENCorp* of the *VENCorp* functions; and
  - (3) when clause 8.1(a)(2) is satisfied, the *Regulator* 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 and 8.8.
- (b) A Rule change will become effective on the date specified in a notice sent to *Participants* by *VENCorp* in accordance with clause 8.8 and *VENCorp* must do all things necessary to implement the Rule change on that date.
- (c) *VENCorp* must develop and, during March each year, make available to *Participants* a report which sets out:
- (1) all Rule change proposals which have been made in the previous twelve month period and any decisions (but not the reasons for those decisions) and any requests for further information made by *VENCorp* under clause 8.4 in relation to those Rule change proposals;
  - (2) the progress of those Rule change proposals in accordance with the procedures prescribed in this chapter 8;
  - (3) the reason for any delays in relation to the progress of those Rule change proposals and any action *VENCorp* has taken to overcome those delays; and
  - (4) any other matter which *VENCorp* reasonably considers to be relevant to the progress of Rule change proposals, including but not limited to any policies developed by *VENCorp* in relation to:
    - (A) the way in which it intends to deal with any procedure specified in this chapter 8; and
    - (B) the facts, matters or circumstances which *VENCorp* may take into account in making a decision and otherwise discharging its functions and obligations under this chapter 8,providing that nothing in this clause 8.1(c)(4) is to be taken to limit the exercise by *VENCorp* of its discretion under this chapter 8.

## 8.2 PROPOSALS BY PERSONS OTHER THAN VENCORP

- (a) If a person other than *VENCorp* proposes a Rule change, that person must submit the proposed Rule change to *VENCorp*.
- (b) A submission made under clause 8.2(a) must:
  - (1) be in writing;
  - (2) include the name and address of the applicant;
  - (3) demonstrate that the Rule change is:
    - (A) consistent with the *market objectives*;
    - (B) feasible;
    - (C) not unreasonably costly to implement; and
    - (D) a more appropriate or better means of achieving the criteria set out in clauses 8.2(b)(3)(A) to (C), where the effect of the Rule change will be to replace an existing Rule;
  - (4) include a brief statement of the reasons why a Rule change is necessary or desirable; and
  - (5) contain sufficient information to permit a proper consideration by *VENCorp* of those reasons, including the public benefit (if any) of making the Rule change.
- (c) A submission made under clause 8.2(a) may include a draft of the relevant Rule change.

### **8.3 VENCORP'S CONSIDERATION OF PROPOSED RULE CHANGE**

In considering a Rule change proposed by a person other than *VENCorp*, or before itself proposing a Rule change, *VENCorp*:

- (a) must take into account any information and documents which *VENCorp* reasonably considers to be relevant to its consideration of the proposed Rule change;
- (b) must consult with persons who *VENCorp* reasonably considers will be likely to be affected by the proposed Rule change; and
- (c) may seek such information and views from any person in relation to the submission as may be practicable in the circumstances, having regard to the nature of the proposed Rule change.

#### 8.4 VENCORP DECISION ON RULE CHANGE PROPOSED BY OTHER PERSON

- (a) Subject to clauses 8.4(b) and (c), the Board of Directors of *VENCorp* must make a decision to approve or reject a Rule change proposed in accordance with clause 8.2 as soon as practicable but in any event within sixty days of *VENCorp* receiving a proposal for a Rule change unless:
  - (1) *VENCorp* reasonably considers that it has insufficient information to enable it to make a decision under this clause 8.4 in which case *VENCorp* may request the person who made the submission under clause 8.2(a) to provide to *VENCorp* that further information and the sixty day period within which *VENCorp* 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 *VENCorp*'s request for further information to and including the day on which *VENCorp* received that information; or
  - (2) *VENCorp* 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 *VENCorp* in making its decision under this clause 8.4, it is not practicable for *VENCorp* to make a decision within sixty days in which case *VENCorp* 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.
- (b) The Board of Directors of *VENCorp* must not decide to approve a Rule change proposed in accordance with clause 8.2 unless satisfied that the Rule change is consistent with the performance by *VENCorp* of the *VENCorp functions*.
- (c) If the Board of Directors of *VENCorp* decides to reject a Rule change proposed in accordance with clause 8.2:
  - (1) *VENCorp* must give notice of its decision to the person or persons who made the submission; and
  - (2) that decision is final.

## 8.5 APPLICATION TO THE REGULATOR

- (a) If a Rule change is:
- (1) proposed by *VENCorp*; or
  - (2) proposed by a person other than *VENCorp*,  
and approved by the Board of Directors of *VENCorp* in accordance with clauses 8.3 and 8.4, then *VENCorp* 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).
- (b) A proposed Rule change which is submitted to the *Regulator* under clause 8.5(a) must be accompanied by:
- (1) any supporting information that *VENCorp*:
    - (A) considers relevant and appropriate; and
    - (B) is able to provide to the *Regulator*,  
to enable the *Regulator* properly to assess the merits of the Rule change;
  - (2) a description of the possible effect (if any) of the Rule change on *access arrangements* given under the *Access Code*;
  - (3) a description of the possible effect (if any) of the Rule change on any authorisations granted by the *Regulator* in respect of these Rules or whether the Rule change otherwise requires authorisation by the *Regulator*;
  - (4) a statement from *VENCorp* confirming that the procedures set out in this chapter 8 have been followed in relation to the proposed Rule change;
  - (5) the date on which the proposed Rule change is to take effect.

Sub-clause 8.5(b)(6) deleted by notice published in the Government Gazette dated 28 February 2002.

## 8.6 THE REGULATOR'S ASSESSMENT OF RULE CHANGE

- (a) When a proposed Rule change is submitted to the *Regulator* under clause 8.5, the *Regulator* must assess the proposed Rule change 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 determination, require *VENCorp* 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 19 of the *Gas Industry Act* and not pursuant to any other Act or law; and
  - (2) authorisation, if granted by the *Regulator* 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 any other applicable Act or law.
- (d) If the *Regulator* declines jurisdiction to grant an authorisation in response to an application made to the *Regulator* for an authorisation (including a variation of an existing authorisation) then *VENCorp* may implement the Rule change in accordance with clause 8.8(a) as if the *Regulator* had granted the authorisation (or the variation).

Clause 8.7 deleted by notice published in the Government Gazette dated 28 February 2002.

## 8.8 IMPLEMENTATION OF RULE CHANGE

- (a) If the *Regulator* has granted an authorisation (including a variation of an existing authorisation) or approved an *access arrangement* (including amendment of an existing *access arrangement*) as contemplated by clause 8.7, *VENCorp* must provide written notice of the Rule change to all *Participants* as soon as practicable and in any event within ten *business days* of receiving notification of the *Regulator's* approval.
- (b) A notice to *Participants* provided by *VENCorp* under clause 8.8(a) must specify the date on which the Rule change is to take effect which, subject to clause 8.8(d), must be a date no more than seven days after that notice is sent to *Participants* by *VENCorp*, unless:
  - (1) *VENCorp* in its absolute discretion considers there to be justification for implementing the Rule change with effect from a date more than seven days after that notice is sent to *Participants*; or
  - (2) these Rules require the Rule change to take effect after or within a particular period which is more than seven days after that notice is sent to *Participants*,  
in which case the Rule change will take effect on the date specified in that notice.
- (c) A Rule change may be made with retrospective effect, if the Board of Directors of *VENCorp* considers that it is necessary to do so in the circumstances, including but not limited to where these Rules contain a manifest error or where procedural requirements in these Rules produce unintended consequences.

Clauses 8.8(d) and 8.8(e) deleted by notice published in the Government Gazette dated 28 February 2002.

## **CHAPTER 9. TRANSITIONAL ARRANGEMENTS AND DEROGATIONS**

Clause 9.1 deleted by notice published in the Government Gazette dated 28 February 2002.

## 9.2 DEROGATIONS

### 9.2.1 Longford measuring station

- (a) The provisions of clause 4.4 (other than the provisions of clauses 4.4.2(a)(1) and (3), 4.4.3, 4.4.5, 4.4.6(b) and (e), 4.4.12, 4.4.14 (a)(2) and (3), (b) and (c), 4.4.15(a), 4.4.17, 4.4.18, 4.4.19, 4.4.20, 4.4.21(a), (b), (d) and (e), 4.4.22, 4.4.23, 4.4.24, 4.4.25, 4.4.26 and 4.4.27) do not apply to the *metering installation* which is adjacent to the *system injection point* at Longford and which is the subject of the gas sales agreement dated 20 November 1996 between Esso Australia Resources Ltd, BHP Petroleum (Bass Strait) Pty Ltd and Gascor.
- (b) The derogation contained in clause 9.2.1(a) ceases when the *metering installation* referred to in that clause is replaced, upgraded or materially modified.

## CHAPTER 10 INTERPRETATION

## 10 INTERPRETATION

### 10.1 INTERPRETATION

In interpreting or applying any provision of these Rules, such fair large and liberal interpretation shall be given as will best achieve the intent and object of these Rules both generally and in any specific case.

### 10.2 GENERAL

In these Rules, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these Rules;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) where italicised, a word or phrase has the definition given to that word or phrase in chapter 11;
- (e) other parts of speech and grammatical forms of a word or phrase defined in these Rules have a corresponding meaning;
- (f) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency;
- (g) a reference to any thing (including, but not limited to, any right) includes a part of that thing;
- (h) a reference to a clause, paragraph, part, annexure, exhibit or schedule is a reference to a clause and paragraph and part of, and an annexure, exhibit and schedule to these Rules and a reference to these Rules includes any annexure, exhibit and schedule;
- (i) a reference to a statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, and by-laws issued under that statute;
- (j) a reference to these Rules or to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, these Rules or that document or that provision of that document;
- (k) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assignees;
- (l) a reference to a body other than a *Participant* or *VENCorp* (including, without limitation, an institute, association or authority), whether statutory or not:
  - (1) which ceases to exist; or
  - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (m) a reference in the context of any provision of these Rules to a "representative" of any person is a reference to any director, officer or employee of that person or any agent,

- consultant or contractor appointed or engaged by that person for purposes connected with the subject matter of the relevant provision of these Rules; and
- (n) nothing contained in a document referred to in these Rules, beyond what is expressly contemplated by these Rules as being contained in such document or is necessary for the purposes of giving effect to a provision of these Rules, shall modify or have any effect for the purposes of these Rules or be construed as relevant to the interpretation of these Rules.
  - (o) italicisation is used as a guide only to the fact that a word or phrase is defined in Chapter 11.

### 10.3 TIMES AND DATES

- (a) Unless the context otherwise requires, or except where these Rules expressly provide to the contrary, a reference in these Rules:
  - (1) to a calendar day (such as 1 January) or a day of the week (such as Sunday) is to the day which begins at 00:00 hours on that day;
  - (2) to a week is to the period from 00:00 hours on a day until 00:00 hours on the seventh day following;
  - (3) to a month (or a number of months) or a calendar month is to the period from 00:00 hours on a day in one month until 00:00 hours on the same day of the month which follows (or follows by the relevant number of months), or if there is no such day in that month, 00:00 hours on the first day of the next following month;
  - (4) to a year is to the period from 00:00 hours on a day in one year until 00:00 hours on the same day (or where the day in the first year was 29 February, on 1 March) in the following year, and a reference to a calendar year (such as 1997) is to be construed accordingly; and
  - (5) to times of the day is to Eastern Standard Time.
- (b) Unless the context otherwise requires, a period of time:
  - (1) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or
  - (2) which commences on a given day or the day of an act or event is to be calculated inclusive of that day.
- (c) Where under any provision of these Rules a person is required to provide any information by a certain date or time, the relevant provision is to be taken to include a requirement that that information must be provided not earlier than is reasonable before that date or time.
- (d) Notwithstanding any other provision of these Rules, *VENCorp* may with the prior agreement of all *affected Participants* amend any amount, date, time or period of time specified in these Rules in any particular case or generally, whether before or after the expiry of that date, time or period of time as the case may be, provided that if such agreement is not obtained, *VENCorp* may, on notice given to all *affected Participants* and with the approval of the *Regulator*, amend any such amount, date, time or period of time in any particular case or generally, whether before or after the expiry of that date, time or period of time, as the case may be.
- (e) In these Rules, where after any time of the day “(Local Melbourne Time)” appears, that is to be taken to mean that that time of the day is:
  - (i) Summer Time if Summer Time is in force in Victoria; and

- (ii) Eastern Standard Time if Summer Time is not in force in Victoria.
- (f) In these Rules:
  - “Eastern Standard Time” means standard time as defined in the **Summer Time Act 1972 (Vic.)**”; and
  - “Summer Time” means summer time as defined in the **Summer Time Act 1972 (Vic.)**”.

#### 10.4 TECHNICAL INTERPRETATION

- (a) Unless the context otherwise requires, for the purposes of these Rules:
  - (1) a “quantity” of gas is a quantity in joules; and
  - (2) a “volume” of gas is a volume in standard cubic metres.
- (b) The following terms have the following meanings in these Rules:
  - (1) “gas” means any naturally occurring:
    - (A) hydrocarbon in a gaseous state consisting principally of methane; or
    - (B) mixture of hydrocarbons in a gaseous state consisting principally of methane which may contain other gases (including the residue resulting from the treatment of processing of natural gas),and includes gas that has been injected into and stored in a *storage facility*;
  - (2) “gigajoule” or “GJ” means 1,000 megajoules;
  - (3) “joule” means the joule as defined in AS1000-1979 “The International Systems of Units (SI) and its Application”;
  - (4) “kPa” or “kilopascal” means 1,000 pascals as defined in AS1000-1979 “The International System of Units (SI) and its Application”;
  - (5) “megajoule” or “MJ” means 1,000,000 joules;
  - (6) “standard cubic metre” or “m<sup>3</sup>” means the quantity of dry gas at a temperature of 15 degrees celsius and an absolute pressure of 101.325 kPa enclosed in a volume of one cubic metre; and
  - (7) “terajoule” or “TJ” means 1,000 gigajoules.
- (c) Unless otherwise expressly defined, all reference to units of measurements in these Rules are references to the units of measurement defined in or for the purposes of the National Measurement Act 1960 (Commonwealth).
- (d) Gas measured and stated for the purposes of these Rules is to be measured and stated by reference to its energy content.
- (e) Where to give effect to any provision of these Rules it is necessary to do so, a rate of injection or withdrawal of gas, or any amount of capacity or storage capacity, expressed in quantity or volume units per day, or per hour, must be treated as expressed in any other such units on the basis of the appropriate conversion.
- (f) Unless the context otherwise requires, a reference to an injection of gas into, or a withdrawal of gas from, the *transmission system* by a person (or any obligation, right, intention or undertaking by or of a person in respect of such an injection or withdrawal) includes an injection or withdrawal of gas by another person on behalf of that person and a

person is to be taken as having injected or withdrawn gas if it arranges for another person to inject or withdraw gas on its behalf.

## 10.5 ASSIGNMENT

Unless otherwise expressly permitted by these Rules, a *Participant* must not assign or transfer and must not purport to assign or transfer any of its rights or obligations under these Rules.

## 10.6 WAIVER

A person does not waive its rights, powers and discretions under these Rules by:

- (a) failing to exercise its rights;
- (b) only exercising part of its rights; or
- (c) delaying the exercise of its rights.

## 10.7 PAYMENT

- (a) Unless otherwise provided in these Rules, any payment to be made under these Rules must be made either by the *EFT facility* or in cash or by a draft or cheque drawn by a bank as defined in the Banking Act 1959 (Comm).
- (b) Unless the context otherwise requires, a reference in these Rules to an *interest rate* published in respect of a specified day must, if that *interest rate* is not published, authorised or otherwise available in respect of that day, be taken to be the relevant *interest rate* published immediately prior to that day; and if that *interest rate* is suspended, modified, discontinued, or its method of calculation substantially alters or if the relevant publication ceases to publish that *interest rate* for more than seven consecutive days, *VENCorp* must provide a substitute rate of interest that in *VENCorp*'s reasonable opinion is the nearest equivalent to the *interest rate* and that substitute rate of interest must be taken to be the applicable *interest rate*.

## 10.8 NOTICES

- (a) A notice is properly given under these Rules to a person if:
  - (1) it is personally served;
  - (2) a letter containing the notice is prepaid and posted to the person at an address (if any) supplied by the person to the sender for service of notices or, where the person is a *Participant*, an address shown for that person in the register of *Participants* maintained by *VENCorp*, or, where the addressee is *VENCorp*, the registered office of *VENCorp*;
  - (3) it is sent to the person by facsimile or electronic mail to a number or reference which corresponds with the address referred to in clause 10.8(a)(2) or which is supplied by the person to *VENCorp* for service of notices and, if sent by electronic mail, the person sending the notice also sends a copy of the notice by letter or facsimile to the person on the same day; or
  - (4) the person receives the notice.

- (b) A notice is treated as being given to a person by the sender:
  - (1) where sent by post in accordance with clause 10.8(a)(2) to an address in the central business district of a capital city of Australia, on the second *business day* after the day on which it is posted; and
  - (2) where sent by post in accordance with clause 10.8(a)(2) to any other address, on the third *business day* after the day on which it is posted;
  - (3) where sent by facsimile in accordance with clause 10.8(a)(3) and a complete and correct transmission report is received:
    - (A) where the notice is of the type in relation to which the addressee is obliged under these Rules to monitor the receipt by facsimile outside of, as well as during, business hours, on the day of transmission; and
    - (B) in all other cases, on the day of transmission if a *business day* or, if the transmission is on a day which is not a *business day* or is after 4.00 pm (addressee's time), at 9.00 am on the following *business day*;
  - (4) where sent by electronic mail in accordance with clause 10.8(a)(3):
    - (A) where the notice is of a type in relation to which the addressee is obliged under these Rules to monitor receipt by electronic mail outside of, as well as during, business hours, on the day when the notice is recorded as having been first received at the electronic mail destination; and
    - (B) in all other cases, on the day when the notice is recorded as having been first received at the electronic mail destination, if a *business day* or if that time is after 4.00 pm (addressee's time), or the day is not a *business day*, at 9.00 am on the following *business day*; or
  - (5) in any other case, when the person actually receives the notice.
- (c) Any notice to or by a person under these Rules:
  - (1) must be in legible writing and in English; and
  - (2) where the sender is a company, must be signed by a director or secretary of that company or under the common seal of the sender (except where the notice is sent by electronic mail).
- (d) Where a specified period (including, without limitation, a particular number of days) must elapse or expire from or after the giving of a notice before an action may be taken neither the day on which the notice is given nor the day on which the action is to be taken may be counted in reckoning the period.
- (e) In this clause 10.8, a reference to:
  - (1) an addressee includes a reference to an addressee's officers, agents, or employees or any person reasonably believed by the sender to be an officer, agent or employee of the addressee; and
  - (2) a notice includes any request, demand, consent or approval or other communication to or by a person under these Rules.

## 10.9 RETENTION OF RECORDS AND DOCUMENTS

Unless otherwise specified in these Rules, all records and documents prepared for or in connection with these Rules must be retained for a period of at least seven years.

## **10.10 SEVERABILITY**

Each part or all of a provision of these Rules:

- (a) will be construed so as to be valid and enforceable to the greatest extent possible; and
- (b) may be so construed (or deleted if necessary) regardless of the effect which that may have on the provision in question or any other provision or these Rules as a whole.

## **CHAPTER 11. GLOSSARY**

## 11. GLOSSARY

<b>access arrangement</b>	An arrangement for access to a <i>pipeline</i> or part of a <i>pipeline</i> , including the associated <i>access arrangement</i> information, that has been approved by the <i>Regulator</i> or the <i>ORG</i> pursuant to sections 2.16, 2.19 or 2.23 of the <i>Access Code</i> .
<b>Access Code</b>	The National Third Party Access Code for Natural Gas Pipeline Systems, as in force in Victoria pursuant to the <i>Gas Pipelines Access (Victoria) Act 1998</i> (Vic).
<b>actual deviation</b>	The positive or negative amount by which the actual injection or withdrawal of gas (as the case may be) for the <i>gas day</i> exceeds the injection or withdrawal (as the case may be) specified in the <i>pricing schedule</i> for that <i>gas day</i> .
<b>adjusted withdrawals</b>	The adjusted quantities of gas withdrawn as determined in accordance with clause 3.6.4(d).
<b>administered price cap</b>	A price cap determined in accordance with clause 6.7.1 which will apply during an <i>administered price period</i> .
<b>administered price period</b>	A period declared by <i>VENCorp</i> in accordance with clause 6.7.2, during which an <i>administered price cap</i> will apply.
<b>Adviser</b>	A person appointed by <i>VENCorp</i> under clause 7.2.2(a).
<b>affected Participant</b>	In relation to a <i>metering installation</i> , a <i>Participant</i> who is entitled to access to <i>metering data</i> from that <i>metering installation</i> in accordance with clause 4.4.22.
<b>allocate</b>	The process of determining an <i>allocation</i> .
<b>allocation</b>	The quantity of gas treated as having been injected or withdrawn by a <i>Market Participant</i> at a <i>system point</i> in a <i>trading interval</i> as determined in accordance with clause 3.5.
<b>Allocation Agent</b>	A person who has been appointed by a <i>Market Participant</i> to submit <i>injection allocation statements</i> or <i>withdrawal allocation statements</i> under clauses 3.5.2 or 3.5.3.
allocation algorithm	[Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>AMDQ credit certificate</b>	A certificated right to a quantity measured in GJ and issued under clause 5.3
<b>AMDQ credit nomination</b>	A 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> that may be used as an <i>AMDQ credit</i> .

<b>AMDQ credit</b>	The whole or part of an <i>AMDQ credit nomination</i> that may be applied by the registered holder of the <i>AMDQ credit certificate</i> for the purpose of; (a) reducing the amount of <i>uplift payments</i> determined in accordance with clause 3.6.8; or (b) establishing a priority of <i>curtailment</i> of customers in accordance with clause 6.6.4(b).
<b>ancillary payment</b>	A payment made to a <i>Market Participant</i> under clause 3.6.7.
<b>annual planning review</b>	The forecasts to be provided by <i>VENCorp</i> under clause 5.2.2.
<b>authorised MDQ</b>	In respect of a <i>Customer</i> , the maximum daily quantity of gas, expressed in GJ/day, which is authorised by <i>VENCorp</i> to be withdrawn by or on behalf of that <i>Customer</i> , in accordance with the allocation of <i>MDQ</i> under clauses 5.3.2, 5.3.3 and 5.3.4.
<b>available LNG capacity</b>	The amount of <i>LNG storage capacity</i> which a person holds at any time on a <i>gas day</i> less the amount of that person's <i>LNG stock</i> at that time.
<b>biannual planning reviews</b>	The forecasts to be provided by <i>VENCorp</i> under clause 5.2.3.
<b>billing period</b>	The period of one calendar month commencing on 9.00 am on the first day of each calendar month.
<b>BOC</b>	BOC Gases Australia Limited.
<b>BOC Agreement</b>	The agreement dated 17 May 1995 between <i>BOC</i> and <i>TPA</i> relating to the <i>LNG storage facility</i> and any amendments or variations to that agreement.
<b>business day</b>	A day other than Saturday, Sunday or a day which has been proclaimed to be a public holiday in the Melbourne metropolitan area.
<b>commencement date</b>	The date on which these Rules first apply in accordance with clause 1.1.4.
<b>communication link</b>	All communication equipment and arrangements that lie between the <i>meter</i> or <i>data logger</i> and the <i>metering database</i> .
<b>compensation panel</b>	A panel selected by the <i>Adviser</i> under clauses 6.6.5 and 6.7.6 to make determinations relating to compensation during <i>administered price periods</i> and periods of <i>intervention</i> and <i>market suspension</i> .
<b>confidential information</b>	Information which is or has been provided to or by a <i>Participant</i> or <i>VENCorp</i> under or in connection with these Rules and is stated under these Rules to be, or is classified by <i>VENCorp</i> as, confidential information or is otherwise confidential or commercially sensitive information or is information which is derived from any such information.
<b>connect</b>	To connect a <i>pipeline</i> or <i>pipeline equipment</i> to the <i>transmission system</i> or modify an existing <i>connection</i> .

<b>Connected Party</b>	A person (other than a <i>Transmission Pipeline Owner</i> ) who is party to a <i>connection agreement</i> or who owns, operates or controls a <i>pipeline</i> or <i>pipeline equipment</i> which is <i>connected</i> to the <i>transmission system</i> .
<b>connection</b>	A physical connection between a <i>pipeline</i> or <i>pipeline equipment</i> and the <i>transmission system</i> or a modification of such a connection.
<b>connection agreement</b>	An agreement between a <i>Transmission Pipeline Owner</i> and another person pursuant to which a <i>pipeline</i> or <i>pipeline equipment</i> owned, operated or controlled by that other person is <i>connected</i> to the <i>transmission system</i> .
<b>Connection Applicant</b>	A person who wants to establish a <i>connection</i> to the <i>transmission system</i> and who makes a <i>connection</i> application pursuant to clause 4.1.6.
<b>connection equipment</b>	Any <i>pipeline equipment</i> which, in the reasonable opinion of <i>VENCorp</i> , is associated with a <i>connection point</i> , including valves, pressure regulators and <i>metering</i> equipment.
<b>connection point</b>	A <i>delivery point</i> , a <i>transfer point</i> or a <i>receipt point</i> .
<b>consumer surplus</b>	[Deleted: Order in Council dated 10 March, published in the Government Gazette dated 11 March 1999]
<b>controllable quantity</b>	A quantity of gas which may be withdrawn at a <i>delivery point</i> and modified on a <i>gas day</i> in accordance with a <i>withdrawal inc/dec offer</i> which has been accredited by <i>VENCorp</i> , or a quantity of gas which may be injected at a <i>receipt point</i> and modified on a <i>gas day</i> in accordance with an <i>injection inc/dec offer</i> which has been accredited by <i>VENCorp</i> , as the case may be.
<b>credit support</b>	An obligation owed to <i>VENCorp</i> by a third party supporting the obligations of a <i>Market Participant</i> under clause 3.7.2.
<b>Credit Support Provider</b>	The party which assumes <i>credit support</i> obligations to <i>VENCorp</i> under clause 3.7.2.
<b>curtailment</b>	The curtailment or interruption of a <i>Customer's</i> supply of gas at its <i>delivery point</i> which occurs when <i>VENCorp</i> <i>intervenes</i> or issues an <i>emergency direction</i> .
<b>Customer</b>	A person who purchases gas and consumes that gas at particular premises.
<b>daily EoD linepack credit</b>	An amount determined in respect of each <i>gas day</i> for each <i>Market Participant</i> in accordance with clause 3.6.9(a).
<b>daily EoD linepack debit</b>	An amount determined in respect of each <i>gas day</i> for each <i>Market Participant</i> in accordance with clause 3.6.9(a).
<b>data collection system</b>	All equipment and arrangements that lie between the <i>metering database</i> and the point where the <i>metering data</i> enters the public telecommunications network.

<b>data logger</b>	A device that collects and stores <i>energy data</i> or volume data and is capable of either : (a) transfer of recorded data to a portable reading device; or (b) being accessed electronically by <i>VENCorp</i> via the <i>data collection system</i> , as required for <i>metering installations</i> in accordance with clause 4.4.18.
<b>default event</b>	Any one or more of the events listed in clause 3.6.21.
<b>default interest rate</b>	An interest rate of 2% above the <i>interest rate</i> .
<b>default notice</b>	A notice issued by <i>VENCorp</i> under clause 3.6.21(b).
<b>delivery point</b>	A point on a <i>pipeline</i> at which gas is withdrawn from the <i>pipeline</i> and delivered to a <i>Customer</i> or injected into a <i>storage facility</i> .
<b>dispute resolution panel</b>	A panel of persons or person appointed by the <i>Adviser</i> under clause 7.2.4(a) to resolve a dispute or disputes under or in connection with these Rules.
<b>Distribution Customer</b>	A <i>Customer</i> who withdraws gas at a <i>distribution delivery point</i> .
<b>distribution delivery point</b>	A point on a <i>distribution pipeline</i> at which gas is withdrawn from that <i>distribution pipeline</i> and delivered to a <i>Customer</i> or injected into a <i>storage facility</i> .
<b>distribution pipeline</b>	A <i>pipeline</i> for the conveyance of gas: (a) which has a maximum allowable operating pressure of up to 1050 kPa; or (b) which: (1) has a maximum allowable operating pressure greater than 1050 kPa; (2) is functionally distribution in nature (ie few inputs and many outputs); and (3) is individually and uniquely identified by a pipeline licence number in the <i>Distributor's access arrangement</i> .
<b>Distribution System Code</b>	The Distribution System Code which: (a) regulates: (1) the supply of gas to or from a <i>Distributor's</i> distribution pipeline. (2) The way in which <i>Customers'</i> gas installations affect the distribution pipeline to which they are connected (b) is certified by the ORG.
<b>Distributor</b>	A person who owns (whether legally or equitably) or operates the whole or any part of a <i>distribution pipeline</i> .”

<b>EFT facility</b>	The Reserve Bank real time gross settlement facility which is made available to all <i>Market Participants</i> in accordance with clause 3.6.2 or where a Reserve Bank real time gross settlement facility is not available, an electronic funds transfer facility to be arranged by <i>VENCorp</i> and made available for all <i>Market Participants</i> in accordance with clause 3.6.2.
<b>electronic communication system</b>	A system used by <i>Participants</i> and <i>VENCorp</i> for exchange of information in accordance with clause 5.1.2(a).
<b>electronic communication procedures</b>	The procedures established by <i>VENCorp</i> and updated from time to time in accordance with clause 5.1.2(e).
<b>emergency</b>	An event or situation described in clause 6.2.1(a).
<b>emergency curtailment list</b>	The list to be prepared by <i>VENCorp</i> under clause 6.4.3.
<b>emergency directions</b>	Directions issued by <i>VENCorp</i> in an <i>emergency</i> under clause 6.5.
<b>emergency procedures</b>	The procedures described in clause 6.2.2(a) and set out in the document described in clause 6.2.2(c).
<b>energy calculation</b>	The calculation of the energy content of a quantity of gas in accordance with clause 4.4.13.
<b>energy data</b>	Data relating to the volume, pressure and temperature of gas.
<b>EoD linepack</b>	[deleted by notice published in the Government Gazette dated 28 February 2002]
<b>EoD linepack bid</b>	[deleted by notice published in the Government Gazette dated 28 February 2002]
<b>EoD linepack capacity</b>	[deleted by notice published in the Government Gazette dated 28 February 2002]
<b>EoD linepack price step</b>	[deleted by notice published in the Government Gazette dated 28 February 2002]
<b>Exempt Person</b>	GASCOR, being the body established by Division 2 of Part 2 of the Gas Industry (Residual Provisions) Act 1994, and any other person who <i>VENCorp</i> agrees to be exempt.
<b>expansion or extension</b>	An expansion or extension as defined in the Tariff Order.
<b>final nomination</b>	In respect of a <i>gas day</i> , the last <i>nomination</i> received by <i>VENCorp</i> from a <i>Market Participant</i> prior to the time specified in clause 3.1.7(b)(2).
<b>final operating schedule</b>	The schedule which <i>VENCorp</i> is required to <i>publish</i> pursuant to clause 3.1.12(c)(3) in respect of each <i>trading interval</i> and each <i>injection point</i> and <i>system withdrawal zone</i> .
<b>final statement</b>	A statement issued by <i>VENCorp</i> under clause 3.6.15.
<b>financial year</b>	A period commencing on 1 July in a calendar year and terminating on 30 June in the following calendar year.

<b>flow rate</b>	The rate at which gas flows passes a point on the <i>transmission system</i> in an hour, expressed in GJ/hour.
<b>force majeure event</b>	An event which satisfies the requirements of clause 6.7.2.
Franchise Customer	Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>gas day</b>	A period of 24 consecutive hours beginning at 9.00am.
<b>Gas Industry Act</b>	The Gas Industry Act 2001 (Vic).
<b>gas production facility</b>	Any gas processing plant and associated facilities, excluding any <i>LNG</i> processing or <i>storage facility</i> .
<b>gas quality monitoring system</b>	A system for monitoring gas quality which a <i>Participant</i> is required to provide at a <i>system injection point</i> pursuant to clause 4.3.3.
<b>Gas Quality Regulations</b>	Regulations made under sections 33 and 118 of the Gas Safety Act 1997 (Vic) relating to standards of quality of gas.
<b>gas quality specifications</b>	In respect of a <i>system injection point</i> :  (a) the <i>prescribed specifications</i> ; or  (b) such other gas quality standard as <i>VENCorp</i> may approve in respect of that <i>system injection point</i> pursuant to clause 4.3.2(a).
<b>gas scheduling procedures</b>	The <i>scheduling</i> procedures which <i>VENCorp</i> is required to develop, document and make available to <i>Market Participants</i> in accordance with clause 3.1.1(d).
<b>GST</b>	Includes the Goods and Services Tax described in the <i>GST Act</i> and any replacement or similar tax.
<b>GST Act</b>	Means A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>government authority</b>	Any government or governmental, semi-governmental, administrative or judicial body, department, commission, authority, tribunal, agency or entity.
<b>inc/dec offer</b>	An offer made by a <i>Market Participant</i> in accordance with clause 3.1.5 to modify the quantities of gas which it will inject into, or withdraw from, the <i>transmission system</i> on a <i>gas day</i> .
<b>injection allocation statement</b>	A statement which an <i>Allocation Agent</i> is required to give pursuant to clause 3.5.2(g).
<b>injection inc/dec offer</b>	An <i>inc/dec offer</i> made in respect of a <i>system injection point</i> .
<b>injection nomination</b>	A <i>nomination</i> in respect of a quantity of gas to be injected into the <i>transmission system</i> .

<b>installation database</b>	The database of calibration data which a <i>responsible person</i> is required to keep in respect of its <i>metering installations</i> pursuant to clause 4.4.19.
<b>Intending Participant</b>	A person who registers with <i>VENCorp</i> as an <i>Intending Participant</i> under clause 2.5 of these Rules.
<b>Interconnected Pipeline Owner</b>	The owner or operator of a <i>transmission pipeline</i> that is <i>connected</i> to the <i>transmission system</i> .
<b>interest rate</b>	The ninety day Bloomberg Bank Bill Swap Reference Rate as published in the Australian Financial Review from time to time.
<b>intervene/intervention</b>	Measures taken by <i>VENCorp</i> where there is a threat to <i>system security</i> under clause 6.6.4.
<b>linepack account</b>	The account recording <i>linepack credits</i> and <i>linepack debits</i> which <i>VENCorp</i> must maintain in accordance with clause 3.6.10(a).
<b>linepack credit</b>	A credit which <i>VENCorp</i> is required to record in the <i>linepack account</i> as determined in accordance with clause 3.6.10(c).
<b>linepack debit</b>	A debit which <i>VENCorp</i> is required to record in the <i>linepack account</i> as determined in accordance with clause 3.6.10(c).
<b>linepack transactions</b>	Sales and disposals of linepack by <i>VENCorp</i> which are required to be reflected by <i>linepack credits</i> and <i>linepack debits</i> in the <i>daily linepack account</i> .
<b>LNG</b>	Liquefied natural gas.
<b>LNG connection point</b>	The point on the <i>transmission system</i> at which gas is permitted to flow into or out of the <i>LNG storage facility</i> .
<b>LNG injection offer</b>	An offer by a <i>Market Participant</i> to <i>VENCorp</i> to withdraw <i>LNG stock</i> from the <i>LNG storage facility</i> and inject gas into the <i>transmission system</i> at the <i>LNG connection point</i> .
<b>LNG reserve</b>	The <i>LNG storage capacity</i> to which <i>VENCorp</i> is entitled under its <i>LNG storage agreement</i> .
<b>LNG stock</b>	The amount of <i>LNG</i> in the <i>LNG storage facility</i> held on behalf of <i>VENCorp</i> , a <i>Market Participant</i> or any other person.
<b>LNG storage agreement</b>	An agreement between the <i>LNG Storage Provider</i> and <i>VENCorp</i> , a <i>Market Participant</i> or any other person relating to the provision of <i>LNG storage capacity</i> (including the <i>BOC Agreement</i> ).
<b>LNG storage facility</b>	The <i>LNG storage facility</i> owned by <i>TPA</i> located at Dandenong.
<b>LNG storage capacity</b>	Rights to hold capacity in the <i>LNG storage facility</i> granted by the <i>LNG Storage Provider</i> to a <i>Market Participant</i> , <i>VENCorp</i> or any other person pursuant to an <i>LNG storage agreement</i> .

<b>LNG Storage Provider</b>	<i>TPA</i> or any person who, as a successor of <i>TPA</i> , operates the <i>LNG storage facility</i> .
<b>LNG storage transfer</b>	A transfer of <i>LNG storage capacity</i> or <i>LNG stock</i> in accordance with clause 4.2.6.
<b>Host Retailer</b>	<p>For the distribution system operated by TXU Networks (Gas) Pty Ltd (ACN 086 015 036) and its successors the <i>Host Retailer</i> is Pulse Energy Pty Ltd (ACN 090 538 337) and its successors.</p> <p>For the distribution system operated by Vic Gas Distribution Pty Ltd (ACN 085 899 001) and its successors the <i>Host Retailer</i> is TXU Pty Ltd (ACN 086 014 968) and its successors.</p> <p>For the distribution system operated by Multinet Gas (DB N0 1) Pty Ltd (ACN 086 026 986) and Multinet Gas (DB N0 2) Pty Ltd (ACN 086 230 122) (trading as “Multinet Partnership”) and its successors the <i>Host Retailer</i> is Origin Energy (Vic) Pty Ltd (ACN 086 013 283) and its successors.</p>
<b>maintenance</b>	<p>Works conducted by <i>Pipeline Owners</i> and <i>Storage Providers</i> which, in <i>VENCorp’s</i> opinion, may impact on:</p> <ul style="list-style-type: none"> <li>(a) <i>VENCorp’s</i> ability to supply gas through the <i>transmission system</i>;</li> <li>(b) <i>VENCorp’s</i> ability to operate the <i>transmission system</i>;</li> <li>(c) <i>transmission system capacity</i>;</li> <li>(d) <i>system security</i>; or</li> <li>(e) the efficient operation of the <i>transmission system</i> generally,</li> </ul> <p>and includes, but is not limited to, work conducted on <i>pipeline equipment</i> but does not include maintenance required to avert or reduce the impact of an <i>emergency</i>.</p>
<b>margin call</b>	An amount which <i>VENCorp</i> calls to be made by a <i>Market Participant</i> in accordance with clause 3.7.10(b) to make up any anticipated shortfall between that <i>Market Participant’s trading limit</i> and <i>VENCorp’s</i> exposure in respect of that <i>Market Participant</i> .
<b>market</b>	A market administered by <i>VENCorp</i> for the injection of gas into, and the withdrawal of gas from, the <i>transmission system</i> and the balancing of gas flows in or through the <i>transmission system</i> .
<b>Market Auditor</b>	A person appointed by <i>VENCorp</i> to carry out a <i>Review</i> under clause 5.1.7.
<b>Market Customer</b>	A <i>Customer</i> who is a <i>Market Participant</i> .
<b>market fees</b>	The fees payable by a <i>Market Participant</i> determined in accordance with clause 2.6 for <i>tariffed VENCorp services</i> .

<b>market information bulletin board</b>	A facility to be established by <i>VENCorp</i> on the <i>electronic communication system</i> on which it may <i>publish</i> information which is then available to and may be accessed by <i>Market Participants</i> .
<b>market objectives</b>	The market objectives specified in section 52 of the <i>Gas Industry Act</i> .
<b>Market Participant</b>	A <i>Participant</i> who is entitled to participate in the <i>market</i> by submitting <i>nominations</i> and <i>inc/dec offers</i> in accordance with these Rules.
<b>market price</b>	The price for gas set by <i>VENCorp</i> for each <i>trading interval</i> as determined in accordance with clause 3.2.
<b>market transaction</b>	A sale or purchase of gas which occurs when a <i>Market Participant</i> has a <i>trading imbalance</i> in a <i>trading interval</i> .
<b>maximum total payment</b>	The maximum amount payable by <i>VENCorp</i> in respect of a <i>billing period</i> as determined by clause 3.6.22.
<b>meter</b>	A device which measures and records volumes and/or quantities of gas.
<b>metering communications procedures</b>	The procedures determined and <i>published</i> by <i>VENCorp</i> from time to time relating to the transfer of <i>energy data</i> from <i>metering installations</i> to the <i>metering database</i> .
<b>metering</b>	Recording the volume and quantity of gas.
<b>metering data</b>	The data obtained or derived from a <i>metering installation</i> .
<b>metering database</b>	The database kept by <i>VENCorp</i> pursuant to clause 4.4.20.
<b>metering installation</b>	The <i>meter</i> and associated equipment and installations installed as required under clause 4.4 for <i>connection points</i> , <i>distribution delivery points</i> and <i>receipt points</i> .
<b>metering point</b>	The point of physical connection of a <i>meter</i> to a <i>pipeline</i> .
<b>metering register</b>	A register of information relating to <i>metering installations</i> kept by <i>VENCorp</i> pursuant to clause 4.4.21 and forming part of the <i>metering database</i> .
<b>metering substitution threshold</b>	The threshold <i>metering</i> error equal to twice the uncertainty limit (energy) set out in clause 3 of schedule 4.1 and which if exceeded requires substitution of readings in accordance with clause 4.4.24.
<b>minimum exposure</b>	<i>VENCorp's</i> estimate of a <i>Market Participant's</i> <i>market fees</i> in respect of which that <i>Market Participant</i> is required to provide a bank guarantee under clause 3.7.4(a).
<b>Minister</b>	The Minister referred to in Part 9 of the <i>Gas Industry Act</i> .
<b>monitoring point</b>	A <i>system injection point</i> or any other point on the <i>transmission system</i> at which <i>VENCorp</i> requires a <i>gas quality monitoring system</i> to be installed in accordance with clause 4.3.3.

<b>NDM meter</b>	A meter at a distribution delivery point which is not read daily.
negative reconciliation amount	Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>negative trading imbalance</b>	A trading imbalance where the aggregate injections of gas at all system injection points in a trading interval is less than the aggregate adjusted withdrawals of gas as determined in accordance with clauses 3.6.4(b), (c), and (d) for that trading interval.
<b>nomination</b>	A nomination by a Market Participant in respect of a quantity of gas to be injected into or withdrawn from the transmission system on a gas day.
Non-Franchise Customer	Deleted by notice published in the Government Gazette dated 24 October 2002.
non-SAW point	Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>off-specification gas</b>	Gas which is injected into the transmission system at a system injection point which does not comply with the gas quality specifications for that system injection point.
<b>Office of Gas Safety</b>	The Office of Gas Safety established under Part 2 of the Gas Safety Act 1997.
<b>ORG</b>	The Office of the Regulator-General established under section 6 of the Office of the Regulator-General Act 1994 (Vic).
<b>Participant</b>	A person who is registered with VENC Corp in accordance with clause 2.1(a), (b) and/or (c) and clause 2.5.
<b>participant compensation fund</b>	The fund established under clause 3.3.1.
<b>payment date</b>	The date on which payment is due in respect of a billing period as determined by clauses 3.6.12 and 3.6.13.
<b>peak flow rate</b>	The highest hourly flow rate of gas passing a system point under normal conditions (as determined by VENC Corp) in the immediately preceding twelve month period or, if gas has passed a system point for a period of less than twelve months, the highest hourly flow rate which in the reasonable opinion of VENC Corp is likely to occur in respect of that system point under normal conditions for the following twelve month period.
<b>pipeline</b>	A pipe or system of pipes for or incidental to the conveyance of gas and includes a part of such a pipe or system.

<b>pipeline equipment</b>	In relation to a <i>pipeline</i> : (a) all structures for protecting or supporting the <i>pipeline</i> ; (b) facilities for the compression of <i>gas</i> , the maintenance of the <i>pipeline</i> or the injection or withdrawal of <i>gas</i> ; (c) all fittings, appurtenances, compressor stations, odourisation plants, scraper stations, valves, telemetry systems (including communications towers) and works and buildings used in connection with the <i>pipeline</i> .
<b>Pipeline Owner</b>	A person who owns (either legally or equitably) the whole or any part of a <i>pipeline</i> .
<b>planning review</b>	An <i>annual planning review</i> or a <i>biannual planning review</i> .
positive reconciliation amount	Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>preliminary operating schedule</b>	A schedule which <i>VENCorp</i> is required to <i>publish</i> pursuant to clauses 3.1.12(c)(1) or (2).
<b>prescribed specifications</b>	The uniform gas quality specifications prescribed by the <i>Gas Quality Regulations</i> .
<b>price step</b>	An offer by a <i>Market Participant</i> to inject quantities of <i>gas</i> into, or withdraw quantities of <i>gas</i> from, the <i>transmission system</i> on a <i>gas day</i> at a specified price as specified in an <i>inc/dec offer</i> in accordance with clause 3.1.5(b)(4).
<b>pricing schedule</b>	A schedule which <i>VENCorp</i> is required to produce pursuant to clause 3.2.1(b).
<b>pricing zone</b>	A geographical area within which the <i>market price</i> in any <i>trading interval</i> is the same.
<b>Producer</b>	A person who owns or operates a <i>gas production facility</i> or is engaged in the production and processing of <i>gas</i> .
<b>prudential requirements</b>	The requirements imposed on a <i>Market Participant</i> to provide and maintain a security in accordance with clause 3.7.
<b>public consultation procedures</b>	The procedures set out in clause 1.4.
<b>publish</b>	The posting of information on the <i>market information bulletin board</i> .
<b>quarterly planning reviews</b>	Deleted: by Notice published in the Government Gazette dated 4 November 1999
<b>receipt point</b>	A point at which <i>gas</i> is received into a <i>pipeline</i> , other than a <i>transfer point</i> , including a point at which <i>gas</i> is received into the <i>pipeline</i> from a <i>storage facility</i> or a <i>gas production facility</i> .

reconciliation amount	Deleted by notice published in the Government Gazette dated 24 October 2002.
reconciliation procedures	Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>Regulator</b>	The Australian Competition and Consumer Commission established by section 6A of the Trade Practices Act 1974 (Cth).
<b>regulatory instrument</b>	Any law, statute, regulation, code, rule, order, guideline, or sub-code, regulating the gas industry in Victoria from time to time.
<b>related body corporate</b>	In relation to a body corporate, a body corporate that is related to the first-mentioned body in accordance with the Corporations Law.
<b>responsible person</b>	The person who is responsible for providing a <i>metering installation</i> for a particular <i>system point</i> or a <i>distribution delivery point</i> in accordance with clause 4.4.3.
<b>Retailer</b>	A person who holds a retail licence under the Gas Industry (Residual Provisions) Act 1994 or <i>Gas Industry Act</i> and is registered under clause 2.1(b).
<b>Retail Gas Market Rules</b>	Rules made under the <i>Gas Industry Act</i>
<b>Review</b>	An examination in accordance with the standard specified for a “review” in Auditing Standard AUS106: “Explanatory Framework for standards on Audit and Audit Related Services” prepared by the Auditing Standards Board of the Australian Accounting Research Foundation, as varied from time to time.
<b>revised statement</b>	A statement issued by <i>VENCorp</i> under clause 3.6.19 following the resolution of a dispute or correction of an error relating to a <i>final statement</i> or a revision determined for the 118 <sup>th</sup> <i>business day</i> after the <i>billing period</i> .
<b>safety plan</b>	A plan which must be developed by certain <i>Participants</i> in accordance with the Gas Safety Act 1997 (Vic).
<b>safety procedures</b>	The procedures established and maintained by each <i>Participant</i> in accordance with clause 6.3.2.
SAW point	Deleted by notice published in the Government Gazette dated 24 October 2002.
<b>scheduled deviation</b>	The positive or negative amount by which the injection or withdrawal of gas (as the case may be) for the <i>gas day</i> specified in the <i>scheduling instruction</i> exceeds the injection or withdrawal (as the case may be) for the <i>gas day</i> specified in the <i>pricing schedule</i> .
<b>schedule, scheduling</b>	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> .

<b>scheduling error</b>	An error made in <i>scheduling</i> , as determined in accordance with clause 3.1.14, which results in a <i>scheduling instruction</i> that differs from the <i>scheduling instruction</i> that would have been issued if <i>VENCorp</i> had complied with the <i>gas scheduling procedures</i> , which (for the avoidance of doubt) does not include an error made in determining the <i>market price</i> .
<b>scheduling instruction</b>	An instruction given by <i>VENCorp</i> to a <i>Market Participant</i> or, in the case of an <i>LNG injection offer</i> , to the <i>LNG Storage Provider</i> , pursuant to clauses 3.1.12(h) and (i).
<b>service envelope agreement</b>	An agreement entered between <i>VENCorp</i> and a <i>Transmission Pipeline Owner</i> , as required under clause 5.3.1, pursuant to which the <i>Transmission Pipeline Owner</i> agrees to provide to <i>VENCorp</i> gas transportation services and <i>pipeline capacity</i> in respect of that <i>Transmission Pipeline Owner's pipelines</i> and, which, for the avoidance of doubt, may be part of an agreement between <i>VENCorp</i> and the <i>Transmission Pipeline Owner</i> which relates also to other matters.
<b>settlement</b>	The determination of <i>trading imbalances</i> , <i>trading amounts</i> and <i>settlement amounts</i> in respect of <i>Market Participants</i> who trade in the <i>market</i> .
<b>settlement amount</b>	The amount payable by or to a <i>Market Participant</i> in respect of a <i>billing period</i> as determined by <i>VENCorp</i> under clause 3.6.5.
<b>settlement statement</b>	A statement issued by <i>VENCorp</i> in the form of a <i>final statement</i> under clause 3.6.15.
<b>significant price variation</b>	A significant variation in the <i>market price</i> as determined by <i>VENCorp</i> in accordance with guidelines developed under clause 1.2.1(h).
<b>standing EoD linepack bid</b>	An <i>EoD linepack bid</i> that is expressed to apply in respect of each consecutive <i>gas day</i> until a future specified date or until revoked or deemed to be revoked.
<b>standing inc/dec offer</b>	An <i>inc/dec offer</i> that is expressed to apply in respect of each consecutive <i>gas day</i> until a future specified date or until revoked or deemed to be revoked.
<b>standing nomination</b>	A <i>nomination</i> that is expressed to apply in respect of each consecutive <i>gas day</i> until a future specified date or until revoked or deemed to be revoked.
<b>storage facility</b>	A facility for the storage of gas, including the <i>LNG storage facility</i> and underground storage.
<b>Storage Provider</b>	A person who owns or operates a <i>storage facility</i> .
<b>storage space</b>	In relation to <i>LNG storage capacity</i> , the right of a <i>Market Participant</i> , expressed in tonnes, to store gas in the <i>LNG storage facility</i> in accordance with its <i>LNG storage agreement</i> and these Rules.
<b>Sub-allocation Agent</b>	A person who has been appointed by a <i>Market Participant</i> or other person to submit <i>sub-allocation statements</i> under clauses 3.5.2(i) or 3.5.3(i).

<b>sub-allocation statement</b>	A statement which a <i>Sub-allocation Agent</i> may submit under clauses 3.5.2(i) or 3.5.3(i).
<b>supplier surplus</b>	[Deleted: Order in Council dated 10 March 1999, published in the Government Gazette dated 11 March 1999]
<b>suspension notice</b>	A notice issued by <i>VENCorp</i> under clause 3.7.7.
<b>system injection point</b>	A <i>connection point</i> on the <i>transmission system</i> which is designed to permit gas to flow through a single pipe into the <i>transmission system</i> , which may also be, in the case of a <i>transfer point</i> , a <i>system withdrawal point</i> .
<b>system point</b>	A <i>system injection point</i> , a <i>system withdrawal point</i> or a <i>system withdrawal zone</i> .
<b>system security</b>	The operation of the <i>transmission system</i> in a safe and reliable manner and in accordance with the <i>system security guidelines</i> .
<b>system security guidelines</b>	The guidelines developed by <i>VENCorp</i> under clause 1.2.1(c).
<b>system withdrawal point</b>	A <i>connection point</i> on the <i>transmission system</i> which is designed to permit gas to flow through a single pipe out of the <i>transmission system</i> , which may also be, in the case of a <i>transfer point</i> , a <i>system injection point</i> .
<b>system withdrawal zone</b>	Part of the <i>transmission system</i> which contains one or more <i>system withdrawal points</i> and in respect of which <i>VENCorp</i> has determined that a single <i>withdrawal nomination</i> or a single <i>withdrawal inc/dec offer</i> must be made.
<b>tariff D withdrawal point</b>	A <i>system withdrawal point</i> to which transmission delivery tariff D is assigned or a <i>distribution delivery point</i> to which distribution tariff D is assigned under an applicable <i>regulatory instrument</i> .
<b>Tariff Order</b>	The Victorian Gas Industry Tariff Order made under section 48A of the Gas Industry (Residual Provisions) Act 1994, as amended from time to time under section 20 of the <i>Gas Industry Act</i> , and any tariffs and charges which are approved under an <i>access arrangement</i> .
<b>tariff V withdrawal point</b>	A <i>system withdrawal point</i> to which transmission delivery tariff V is assigned or a <i>distribution delivery point</i> to which distribution tariff V is assigned under an applicable <i>regulatory instrument</i> .
<b>tariffed VENC Corp services</b>	The services provided by <i>VENCorp</i> under these Rules as described in clause 1.2.1.
<b>time stamp</b>	The means of identifying the time and date at which data is transmitted or received.
<b>TPA</b>	Transmission Pipelines Australia Pty Ltd ACN 079 089 268
<b>Trader</b>	A person, other than a <i>Retailer</i> , <i>Customer</i> or <i>Producer</i> , who injects gas, or tenders gas for injection, into the <i>transmission system</i> and/or withdraws gas, or tenders gas for withdrawal, from the <i>transmission system</i> .

<b>trading amount</b>	The sum calculated in accordance with clause 3.6.3(b).
<b>trading limit</b>	In respect of a <i>Market Participant</i> at any time means the last <i>trading limit</i> set by <i>VENCorp</i> for the <i>Market Participant</i> under clause 3.7.8(a).
<b>trading imbalance</b>	The quantity of gas determined in respect of each <i>Market Participant</i> for each <i>trading interval</i> in accordance with clause 3.6.4.
<b>trading interval</b>	A period of one <i>gas day</i> .
<b>transfer point</b>	A point at which gas is transferred from the <i>transmission system</i> to a <i>transmission pipeline</i> ; from a <i>transmission pipeline</i> to a <i>transmission pipeline</i> ; or from the <i>transmission system</i> to a <i>distribution pipeline</i> .
<b>transmission constraint</b>	A constraint in or affecting the <i>transmission system</i> at any time as a result of which (having regard to operational requirements relating to pressures) gas flows in any part of the system are or (but for anything done by <i>VENCorp</i> ) would be restricted, whether such constraint results from the size of any part of the <i>transmission system</i> , the operation or failure to operate any part of the <i>transmission system</i> or the extent or distribution of supply or demand in any part of the <i>transmission system</i> .
<b>Transmission Customer</b>	A <i>Customer</i> who withdraws gas from a <i>transmission delivery point</i> .
<b>transmission delivery point</b>	A point on the <i>transmission system</i> at which gas is withdrawn from the <i>transmission system</i> and delivered to a <i>Transmission Customer</i> or injected into a <i>storage facility</i> .
<b>transmission pipeline</b>	A <i>pipeline</i> that is not a <i>distribution pipeline</i> .
<b>Transmission Pipeline Owner</b>	A person who owns or holds under a lease a <i>transmission pipeline</i> which is or is to be operated by <i>VENCorp</i> .
<b>transmission system</b>	The <i>transmission pipelines</i> or system of <i>transmission pipelines</i> which consists of the “gas transmission system” as defined under the <i>Gas Industry Act</i> .
<b>uplift payment</b>	A payment made by a <i>Market Participant</i> to <i>VENCorp</i> under clause 3.6.8.
<b>VENCorp</b>	The Gas Transmission System Operator established under the <i>Gas Industry Act</i> .
<b>VENCorp functions</b>	The functions of <i>VENCorp</i> set out in section 160 of the <i>Gas Industry Act</i> .
<b>VoLL</b>	A price cap, being the maximum, on the <i>market price</i> , as also described in clause 3.2.4.
<b>withdrawal allocation statement</b>	A statement which an <i>Allocation Agent</i> is required to give pursuant to clause 3.5.3(g).
<b>withdrawal inc/dec offer</b>	An <i>inc/dec offer</i> made in respect of a <i>system withdrawal zone</i> .

<b>withdrawal nomination</b>	A <i>nomination</i> in respect of a quantity of gas to be withdrawn from the <i>transmission system</i> .
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end.