



Draft National Gas Amendment (DWGM – AMDQ Allocation) Rule 2016 No. ##

under the National Gas Law to the extent applied by:

- (a) the National Gas (South Australia) Act 2008 of South Australia;
- (b) the National Gas (ACT) Act 2008 of the Australian Capital Territory;
- (c) the National Gas (New South Wales) Act 2000 of New South Wales;
- (d) the National Gas (Queensland) Act 2008 of Queensland;
- (e) the National Gas (Tasmania) Act 2008 of Tasmania;
- (f) the National Gas (Victoria) Act 2008 of Victoria; and
- (g) the National Gas (Northern Territory) Act 2008 of Northern Territory;
- (h) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Gas Law.

John Pierce
Chairman
Australian Energy Market Commission

Draft National Gas Amendment (DWGM – AMDQ Allocation) Rule 2016 No. ##

1 Title of Rule

This Rule is the Draft *National Gas Amendment (DWGM – AMDQ Allocation) Rule 2016 No. ##*.

2 Commencement

Schedule 2 commences on [date final rule is made].

Schedule 1 commences on [1 October 2016].

3 Amendment of the National Gas Rules

The National Gas Rules are amended as set out in Schedule 1.

4 Savings and Transitional Amendments to the National Gas Rules

The National Gas Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Gas Rules

(Clause3)

[1] Rule 200 Definitions

In rule 200, insert the following new definitions in alphabetical order:

AMDQ credit certificates auction procedures means the Procedures made under rule 329G.

approved capex means forecast capital expenditure approved by the AER as conforming capital expenditure in its access arrangement decision for the relevant *access arrangement period*

Authorised MDQ auction procedures means the Procedures made under rule 329F.

[2] Rule 200 Definitions

In rule 200, omit the definition of "AMDQ auction procedures".

[3] Rule 200 Definitions

In rule 200, substitute the following definition:

authorised MDQ means in respect of a Customer, the maximum daily quantity of gas, expressed in GJ/day, which is authorised by AEMO to be withdrawn by or on behalf of that Customer from the declared transmission system, in accordance with an allocation under rule 328 or 329F, and which relates to the capacity of the system injection point at Longford as at 15 March 1999.

[4] Rule 327 Agreement for provision of transportation services

In rule 327(1), omit "(a use of system agreement)".

[5] Rule 327 Agreement for provision of transportation services

Omit subrule 327(3) and substitute:

- (3) An access determination may determine the terms of an agreement that provides for the payment of transmission charges to the declared transmission system service provider and, if it does so, an agreement under subrule (1) is taken to exist in the terms fixed by the access determination.

[6] New rule 327A Register of existing authorised MDQ and AMDQ credit certificates

After rule 327, insert new rule 327A as follows:

327A Register of existing authorised MDQ and AMDQ credit certificates

- (1) AEMO must prepare, maintain and publish a register of:
 - (a) the total amount of authorised MDQ allocated;
 - (b) the aggregate amount of authorised MDQ allocated in respect of withdrawals of gas from tariff V withdrawal points; and
 - (c) the aggregate amount of authorised MDQ allocated to Customers in respect of withdrawals of gas from tariff D withdrawal points.
- (2) AEMO must prepare, maintain and publish a register of:
 - (a) the total amount of AMDQ credit certificates available for allocation at each close proximity injection point; and
 - (b) the aggregate amount of AMDQ credit certificates allocated at each close proximity injection point.

[7] Rule 328 Allocation of existing authorised MDQ

Omit subrule 328(6).

[8] Rule 328 Allocation of existing authorised MDQ

Omit the heading to rule 328 and substitute “Information on authorised MDQ”.

[9] Rule 329 Allocation of authorised MDQ and AMDQ credit certificates for pipeline extensions or expansions

After the note under subrule 329(1), insert:

- (1A) If an increase in capacity is not agreed under subrule (1), the provisions of Part 15C of the NGR will apply.

[10] Rule 329 Allocation of authorised MDQ and AMDQ credit certificates for pipeline extensions or expansions

Omit subrules 329(2) to (7) inclusive.

[11] Rule 329 Allocation of authorised MDQ and AMDQ credit certificates for pipeline extensions or expansions

Omit the heading to rule 329 and substitute “Declared transmission system service provider and AEMO to agree increases in capacity from extensions or expansions”.

[12] New rule 329A Capacity which is available for allocation as AMDQ credit certificates

After rule 329, insert:

329A Capacity which is available for allocation as AMDQ credit certificates

- (1) As at the commencement date of the declared transmission system service provider’s *access arrangement period*, the AMDQ credit certificates recorded in the register under rule 327A(2) (other than those that have been allocated for a period that has not expired as at that date) are available for allocation in accordance with rule 329B.
- (2) AMDQ credit certificates available for allocation under subrule (1) must be for a period that commences no earlier than the start of the declared transmission system service provider’s *access arrangement period* and ends on the revision commencement date specified in the access arrangement for that period;
- (3) During the declared transmission system service provider’s *access arrangement period*
 - (a) any increase in capacity of the declared transmission system that is agreed under rule 329(1) becomes available for allocation as AMDQ credit certificates in accordance with rule 329C when the relevant extension or expansion that increased the capacity of the system is commissioned; and
 - (b) any AMDQ credit certificates recorded in the register under rule 327A(2) that have been allocated for a period that expires during the *access arrangement period* become available for allocation in accordance with rule 329B on their expiry.
- (4) AMDQ credit certificates available for allocation under subrule (3)(a) must be for a period that commences no earlier than the date on which the relevant extension or expansion is commissioned and ends on the revision commencement date specified in the access arrangement for that period.
- (5) AMDQ credit certificates available for allocation under subrule (3)(b) must be for a period that commences no earlier than the date of allocation and ends on the revision commencement date specified in the access arrangement for that period.

329B Responsibility for allocation of AMDQ credit certificates relating to existing capacity

- (1) Subject to subrule (2), AEMO is responsible for allocating all AMDQ certificates referred to in rule 329A(1) and 329A(3)(b).
- (2) If the AER has made a determination under subrule (4), then that portion of the AMDQ certificates referred to in rule 329A(1) or 329A(3)(b) which relate to extensions or expansions of the system the costs for which are not included in the declared transmission system service provider's opening capital base for the relevant *access arrangement period* must be allocated by AEMO in accordance with a direction of the declared transmission system service provider under rule 329E;
- (3) If the AER has not made a determination under subrule (4) then all AMDQ credit certificates referred to in rule 329A(1) and 329A(3)(b) are to be allocated by AEMO under rule 329G.
- (4) The AER may, following a request by the declared transmission system service provider, determine the amount of capacity associated with that part of the cost of the extension or expansion that is not included in the declared transmission system service provider's opening capital base for the relevant *access arrangement period*. If the AER has not made this determination then all AMDQ credit certificates are to be allocated by AEMO under rule 329G.

329C Responsibility for allocation of additional AMDQ credit certificates relating to new capacity

- (1) If:
 - (a) the declared transmission system service provider undertakes an extension or expansion of the declared transmission system during an *access arrangement period*; and
 - (b) 100% of the cost of the extension or expansion is approved capex,then the additional AMDQ credit certificates which become available for allocation as a consequence of that extension or expansion are to be allocated by AEMO under rule 329G.
- (2) If the declared transmission system service provider undertakes an extension or expansion of the declared transmission system during an *access arrangement period* and less than 100% of the cost of the extension or expansion is approved capex, then when the extension or expansion is commissioned:
 - (a) that portion of the additional AMDQ credit certificates made available as a consequence of the extension or expansion the costs

of which are approved capex are to be allocated by AEMO under rule 329G; and

- (b) if the AER has made a determination under subrule (4), the remaining portion of the additional AMDQ credit certificates must be allocated by AEMO in accordance with a direction of the declared transmission system service provider under rule 329E.
- (3) If the AER has not made a determination under subrule (4) then all additional AMDQ credit certificates are to be allocated by AEMO under rule 329G.
- (4) The AER may, following a request by the declared transmission system service provider, determine the amount of additional capacity associated with that part of the cost of the extension or expansion that is approved capex. If the AER has not made this determination then additional AMDQ credit certificates which become available for allocation as a consequence of that extension or expansion are to be allocated by AEMO under rule 329G.

329D Amendment of service envelope agreement

- (1) If additional AMDQ credit certificates are available for allocation under rule 329C, AEMO and the declared transmission system service provider must, by no later than the date on which the additional AMDQ credit certificates are allocated, amend the service envelope agreement to reflect that additional capacity of the relevant pipeline which results from the extension or expansion.

329E Declared transmission system service provider allocation of AMDQ credit certificates

- (1) Subject to subrule (2), when AMDQ credit certificates are to be allocated under rule 329B(2) or 329C(2)(b), AEMO must allocate the quantity in the AMDQ credit certificates made available by the relevant extension or expansion:
 - (a) to such Market Participants; and
 - (b) for use at close proximity injection points; and
 - (c) for such period,as the declared transmission system service provider directs.
- (2) Subject to its access arrangement, the declared transmission system service provider may determine the method by which it will allocate AMDQ credit certificates it is responsible for allocating under rule 329B(2) or 329C(2)(b).

- (3) Where a quantity in AMDQ credit certificates is to be allocated to a Market Participant under subrule (1) in respect of injections of gas at a close proximity injection point, AEMO must only make such an allocation to the Market Participant:
 - (a) where the Market Participant requests the allocation; and
 - (b) subject to any conditions that AEMO reasonably determines and agrees with the declared transmission system service provider.

329F AEMO re-allocations of authorised MDQ

- (1) If a tariff V withdrawal point becomes designated as a tariff D withdrawal point, then AEMO must allocate authorised MDQ to the Customer who withdraws gas at that tariff D withdrawal point in a manner which, in AEMO's reasonable opinion, is fair and equitable, and AEMO must make a proportionate reduction to the total amount of authorised MDQ assigned to tariff V withdrawal points.
- (2) If a tariff D withdrawal point becomes designated as a tariff V withdrawal point, then AEMO must reallocate any authorised MDQ remaining allocated to that withdrawal point by making a proportionate increase to the total amount of authorised MDQ assigned to tariff V withdrawal points.
- (3) AEMO must allocate authorised MDQ relinquished under rule 332(1) as follows:
 - (a) if there is sufficient available authorised MDQ to satisfy the requirements of all persons who have requested an allocation of authorised MDQ, AEMO 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 withdraws or proposes to withdraw gas, in accordance with their requirements; and
 - (b) if there is insufficient available authorised MDQ to satisfy the requirements of all persons who have requested an allocation of authorised MDQ, AEMO must, on not less than 20 business days' notice, conduct an auction amongst all persons from whom AEMO has received requests for authorised MDQ and allocate the available authorised MDQ to the persons who offer the highest amount for that authorised MDQ in accordance with the Authorised MDQ auction procedures.
- (4) Allocation of authorised MDQ made in accordance with subrule (3) is effective only in respect of a delivery point or system withdrawal point at which the person applied to AEMO for the allocation of authorised MDQ.

- (5) AEMO must make Procedures (**Authorised MDQ auction procedures**) pursuant to which it will allocate available authorised MDQ under subrule (3)(b).

329G AEMO allocations of AMDQ credit certificates

- (1) When AMDQ credit certificates are to be allocated under rule 329B(1), 329C(1) or 329C(2)(a), AEMO must allocate AMDQ credit certificates as follows:
 - (a) if there is sufficient available AMDQ credit certificates to satisfy the requirements of all persons who have requested an allocation of AMDQ credit certificates, AEMO must allocate the available AMDQ credit certificates to each of those persons in respect of a close proximity injection point at which each of those persons withdraws or proposes to withdraw gas, in accordance with their requirements; and
 - (b) if there is insufficient available AMDQ credit certificates to satisfy the requirements of all persons who have requested an allocation of AMDQ credit certificates, AEMO must, on not less than 20 business days' notice, conduct an auction amongst all persons from whom AEMO has received requests for AMDQ credit certificates and allocate the available AMDQ credit certificates to the persons who offer the highest amount for those AMDQ credit certificates in accordance with the AMDQ credit certificates auction procedures.
- (2) Allocation of AMDQ credit certificates made in accordance with subrule (1) is effective only in respect of a close proximity injection point at which the person applied to AEMO for the allocation of AMDQ credit certificates.
- (3) AEMO must make Procedures (**AMDQ credit certificates auction procedures**) pursuant to which it will allocate available authorised MDQ under subrule (1)(b).

[13] Rule 330 Subsequent allocations and re-allocations of authorised MDQ

Omit rule 330, including the heading, and substitute:

330 Proceeds of AEMO auctions of Authorised MDQ or AMDQ credit certificates

- (1) AEMO must use the proceeds of any auction of authorised MDQ under rule 329F or any auction of AMDQ credit certificates under rule 329G to offset its costs of operating the declared wholesale gas market.

**[14] Rule 332 Relinquishment of authorised MDQ or
AMDQ credit certificate**

Omit rules 332(1) and (2) and substitute:

- (1) If a person holds authorised MDQ in accordance with this Part and ceases to be a Registered participant, or in the case of a Customer, is disconnected from the declared transmission system or a declared distribution system, that person's entitlement to the authorised MDQ will revert to AEMO for reallocation to other persons in accordance with rule 329F unless that person transfers that authorised MDQ in accordance with rule 331.

- (2) If a person holds AMDQ credit certificates:
 - (a) allocated under this Division; or
 - (b) originally allocated under this Division and transferred in accordance with rule 331,

and ceases to be a Registered participant, that person's entitlement to the AMDQ credit certificates will revert to AEMO unless:

- (c) that person transfers the AMDQ credit certificates in accordance with rule 331; or
- (d) the relevant AMDQ credit certificates were allocated pursuant to a direction by the declared transmission system service provider under rule 329E, in which case the AMDQ credit certificates will revert to the declared transmission system service provider.

[15] Rule 360 Gas injections at Longford

Omit rule 360 and substitute "[Deleted]".

Schedule 2 Savings and Transitional Amendments to the National Gas Rules

(Clause 3)

[1] Schedule 2 Transitional provisions

After Part 7 of Schedule 1, insert:

Part 8 Transitional Provisions consequent on the National Gas Amendment (DWGM – AMDQ Allocation) Rule 2016

41 Definitions

- (1) Unless otherwise specified, terms defined in rule 200 have the same meaning when used in this Part.
- (2) In this Part:

Amending Rule means the National Gas Amendment (DWGM – AMDQ Allocation) Rule 2016.

current access arrangement means an access arrangement applying to the declared transmission system service provider with respect to the declared transmission system and which is in force on [date final rule is made].

effective date means [date schedule 1 of the Amending Rules commences operation].

existing DWGM rules means Part 19 as in force immediately prior to the effective date.

old rule 329(5) means rule 329(5) as in force immediately prior to the effective date.

42 AMDQ credit certificate auction procedures

By no later than [30 September 2016], AEMO must make the AMDQ credit certificates auction procedures under rule 329G of the Amending Rule in accordance with Part 15B.

43 AMDQ auction procedures

With effect from the effective date the AMDQ auction procedures made under old rule 329(5) are taken to be the Authorised MDQ auction procedures made under rule 329F(5) of the Amending Rule.

44 AMDQ credit certificate register

By no later than [30 September 2016], AEMO must prepare the register of AMDQ credit certificates under rule 327A(2) of the Amending Rule.

45 Directions to allocate AMDQ credit certificates before the effective date

Prior to the effective date, a direction by the declared transmission system service provider to AEMO to allocate AMDQ credit certificates under rule 329(4) of the existing DWGM rules will have no force or effect if the period specified for the AMDQ credit certificates is a period that ends after the revision commencement date specified in the current access arrangement.

46 Existing AMDQ credit certificates

Nothing in the Amending Rule affects the rights associated with AMDQ credit certificates allocated prior to the [date the final rule is made].
