

## **Notice to Participants of AEMO's decision on making the Wholesale Market Administered Pricing Procedures (Victoria) Version 2.0**

This Notice advises all Registered Participants (Participants) and other interested stakeholders that consultation for changes to the Declared Wholesale Gas Market (DWGM) Market Administered Pricing Procedures under the ordinary procedure change consultative process, prescribed in rule 135EE of the National Gas Rules (NGR), concluded on 24 January 2014.

Taking into account the assessment provided in the Impact and Implementation Report (IIR), AEMO hereby gives notice that it has decided to amend the Wholesale Market Administered Pricing Procedures (Victoria), effective from 1 April 2014.

The Wholesale Market Administered Pricing Procedures (Victoria) changes are as follows:

- Modify the Cumulative Price Threshold (CPT) in section 6.1 of the Procedures, from \$3700/GJ to \$1800/GJ (shown at Attachment B);
- The application of the new AEMO template to the Procedures; and
- Additional editorial changes made to the draft version presented at the IIR consultation stage – these do not affect the operations of the Procedures:
  - deletion of the disclaimer; and
  - other changes as shown at Attachment C.

AEMO received one submission from stakeholders in response to the IIR, supporting the proposed change. A summary is shown at Attachment A.

AEMO considers that this Procedure change meets the requirements of the National Gas Objective for efficient operation and use of, natural gas services for the long term benefit of consumers of natural gas by improving the competitiveness of the wholesale market, through the lowering of the residual risk resultant from the CPT mechanism that better addresses the needs of new entrant and rapidly growing retailers.

As required by Rule 135EE(5), AEMO also publishes this notice to inform Participants that version 2.0 of the Wholesale Market Administered Pricing Procedures (Victoria), will be effective from 1 April 2014.

**Notice Date: 21 February 2014**

**Attachment A: Summary of stakeholder comments on the PPC and IIR consultation for Wholesale Market Administered Pricing Procedures**

<b>Organisation</b>	<b>Summary of comment</b>	<b>AEMO's Response</b>
AGL	AGL supported the change to version 2.0 of the Administered Pricing Procedures.	Noted.

## **Attachment B: Marked up changes (exclude formatting changes) to Wholesale Market Administered Pricing Procedures**

### **6.1 Cumulative price threshold**

The cumulative price threshold is ~~\$3,700/GJ~~ \$1,800/GJ.

**Attachment C: Marked up changes (exclude formatting changes) to the draft Wholesale Market Administered Pricing Procedures presented at the IIR consultation stage.**

## GLOSSARY

- (a) In this document, a word or phrase ~~in this style defined in the National Gas Rules (Rules)~~ has the ~~same~~ meaning ~~as~~ given to that term in the ~~Rules National Gas Rules (NGR)~~.
- (b) In this document, terms ~~and acronyms~~ that are not defined in the ~~Rules~~NGR have the meaning set out opposite those words or phrases in Table 1 below.
- ~~(c) In this document, acronyms that are not defined in the NGR have the meaning set out opposite those acronyms in Table 2 below.~~
- ~~(d)~~(c) Unless the context otherwise requires, this document will be interpreted in accordance with Schedule 2 of the *National Gas Law*.

### 1.1 Introduction

- a) These Wholesale Market Administered Pricing Procedures (Victoria) are made in accordance with section 91BL of the National Gas Law ~~and Part 15B of the Rules.~~ ~~This Procedure has been prepared for the purpose of complying with Rule 224(1) of the NGR.~~
- ~~b) This Procedure commences operation on 1 December 2012.~~
- ~~c) This Procedure may only be remade in accordance with Part 15B of the NGR.~~  
~~This Procedure has been prepared for the purpose of complying with Rule 224(1) of the NGR.~~
- ~~b) If there is any inconsistency between these~~ Procedures and the ~~NGR~~Rules, the ~~NGR Rules~~ will prevail to the extent of that inconsistency.
- ~~d)~~(c) ~~These Procedures are current to version 19 of the Rules.~~

### 1.2 Purpose

~~The purpose of this Procedure is to govern the operation of the declared wholesale gas market.~~

These ~~P~~rocedures specify the administered price cap for the ~~declared wholesale gas market purposes of the Rules~~ and describe AEMO's processes for declaring and ending administered price periods in the Market in accordance with the Rules.

### 1.3 Application

~~The~~ses Procedures ~~applies~~ to AEMO and each person to whom they are expressed to apply.

### 1.4 Legal and Regulatory Framework

~~This Procedure has been made under section 91BL of the National Gas Law.~~