

# WHOLESALE MARKET AMDQ PROCEDURES (VICTORIA)

Incorporating:

AMDQ Transfer Procedures

Authorised MDQ Auction Procedures

AMDQ Credit Certificates Auction Procedures

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## VERSION RELEASE HISTORY

Version	Effective Date	Summary of Changes
NGR 1.0	1 July 2010	Rebranded
NGR 2.0	10 April 2012	<p>Changes were made to:</p> <ul style="list-style-type: none"> <li>clarify that the AMDQ transfer process requires Compliant Form;</li> <li>remove the fee rate from the Procedure and refer to the Form;</li> <li>eliminate the Form requirement Clause to make the document concise; and</li> <li>ensure that the Procedure does not need to be updated as a result of revisions to the 'AMDQ Locational and diversity factors' table from time to time, and that the latest version of the table is always accessible.</li> </ul>
1.0	2 May 2014	<ul style="list-style-type: none"> <li>This procedure replaces the AMDQ Transfer Procedures and AMDQ Auction Procedures</li> <li>Include validation to confirm firm capacity. clarify the prioritisation process</li> <li>Include requirement for Accreditation</li> <li>Include AMDQ Credit Nomination Process and AMDQ Auction Procedure into this procedure</li> <li>Complete review of combined procedure for clarification, consistency with NGR and readability</li> </ul>
<a href="#">[2.0]</a>	<a href="#">[25 October 2016]</a>	<p><a href="#">New format</a></p> <p><a href="#">Addition of AMDQ credit certificates auction procedures following the National Gas Amendment (DWGM – AMDQ allocation) Rule 2016 No.1.</a></p> <p><a href="#">Minor drafting changes</a></p>

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## 1. INTRODUCTION

### 1.1. Purpose and Scope

These Wholesale Market AMDQ Procedures (**Procedures**) apply to the *declared wholesale gas market* under Part 19 of the National Gas Rules (**NGR**). They incorporate the *AMDQ transfer procedures (NGR rule 331)*, ~~*made under rule 334 of the National Gas Rules (NGR)*~~, ~~*authorised AMDQ auction procedures (NGR rule 329F) and AMDQ credit certificates auction procedures (NGR rule 329G)*~~, ~~*together with made under rule 330 of the NGR*~~ and requirements for the nomination of *AMDQ credit certificates* for the purposes of NGR rules 239 and 240.

These Procedures have effect only for the purposes set out in the NGR. The NGR and the National Gas Law prevail over these Procedures to the extent of any inconsistency.

These Procedures set out the requirements for:

- (a) transfer of *authorised MDQ* or *AMDQ credit certificates* ~~(NGR rule 331(1))~~;
- ~~(b) auction of available authorised MDQ (NGR rule 330(6)); and~~
- (b) nomination of *AMDQ credit certificates* to relevant sites or points to enable *AMDQ credit* to be applied for the purposes of *determining ancillary payments and uplift payments* rules 239 and 240 of the NGR; and
- (c) *auctions of available authorised MDQ and AMDQ credit certificates.*

### 1.2. Definitions and Interpretation

#### 1.2.1. Glossary

The words, phrases and abbreviations set out in the table below have the meanings set out opposite them when used in these Procedures.

Terms defined in the National Gas Law or the NGR have the same meanings in these Procedures unless otherwise specified in this clause. Those terms are intended to be identified in these Procedures by italicising them, but failure to italicise a defined term does not affect its meaning.

Term	Definition
<u>AA Period</u>	<u><i>An access arrangement period for the declared transmission system service provider.</i></u>
AMDQ	Authorised maximum daily quantity (collective term for <i>authorised MDQ</i> , and <i>AMDQ credits</i> or <i>AMDQ credit certificates</i> as the context allows).
Applicant	The party who has submitted a Form to AEMO to: <ul style="list-style-type: none"> <li>(a) transfer <i>authorised MDQ</i> or <i>AMDQ credit certificates</i>; or</li> <li>(b) nominate <i>AMDQ credit certificates</i>.</li> </ul>
<u>aAuction</u>	<u>An auction of <i>authorised MDQ</i> conducted under rule <del>329F</del><u>330</u> of the NGR <u>or <i>AMDQ credit certificates</i> conducted under rule 329G of the NGR.</u></u>
Compliant Form	A Form that contains complete and accurate information and which has been signed and dated by the Transferor and/or the Transfer Agent, together with any additional information required under these Procedures.
<u>CPP</u>	<u><i>close proximity injection point.</i></u>
Diversity Factor	A conversion factor applied to any transfer of <i>authorised MDQ</i> : <ul style="list-style-type: none"> <li>(a) between <i>tariff D withdrawal points</i>;</li> <li>(b) from a <i>tariff D withdrawal point</i> to the Reference Hub; or</li> <li>(c) from the Reference Hub to a <i>tariff D withdrawal point</i>.</li> </ul>
<u>DTSSP</u>	<u><i>The declared transmission system service provider.</i></u>
Financially Responsible Organisation	In respect of <i>authorised MDQ</i> held at a <i>tariff D withdrawal point</i> , the entity responsible to AEMO under the NGR for the payment of settlement and other market charges related to gas supplied to that <i>tariff D withdrawal point</i> .

Term	Definition
Form	An AMDQ Transfer Request Form or AMDQ Credit Certificate Nomination Form published on AEMO's website.
Interconnected Facility	A transmission pipeline or storage facility that is directly connected to the <i>declared transmission system</i> at a <i>system withdrawal point</i> , but does not form part of the <i>declared transmission system</i> .
Locational Factor	A conversion factor applied to any transfer of <i>authorised MDQ</i> : (a) between <i>tariff D withdrawal points</i> ; (b) from a <i>tariff D withdrawal point</i> to the Reference Hub; or (c) from the Reference Hub to a <i>tariff D withdrawal point</i> , which is used to calculate the equivalent amount of <i>authorised MDQ</i> at the destination site (being the <i>tariff D withdrawal point</i> or the Reference Hub to which <i>authorised MDQ</i> is to be transferred).
Nominating Party	An Applicant who has submitted a nomination Form.
nomination	Nomination of <i>AMDQ credit certificates</i> to the locations and for the purposes set out in clause 2.4.
Reference Hub	A common point of reference within the declared transmission system established by AEMO for the purpose of valuing AMDQ.
<u>SIP</u>	<u>A system injection point.</u>
SWP	A <i>system withdrawal point</i> .
transfer	A transfer of <i>authorised MDQ</i> or <i>AMDQ credit certificates</i> .
Transfer Agent	A person duly appointed by a Transferor to act on its behalf for the purpose of applying to AEMO for a transfer of AMDQ.
Transferee	A recipient of a transfer of AMDQ.
Transferor	A person holding AMDQ who intends to transfer all or part of that AMDQ to another person.

### 1.2.2. Interpretation

The following principles of interpretation apply to these Procedures unless otherwise expressly indicated:

- (a) These Procedures are subject to the principles of interpretation set out in Schedule 2 of the National Gas Law.
- (b) References to time are references to Australian Eastern Standard Time.

### 1.3. Related Documents

Title
AMDQ Transfer Request Form
AMDQ Credit Nomination/Renomination Form
Service Provider Confirmation Form
Primary Shipper Confirmation Form
AMDQ Transfer Algorithms for the Transfer of Authorised MDQ and AMDQ Credit Certificates
AEMO Wholesale Market Accreditation Procedure
Guidelines for Applicants – Release of Authorised MDQ
<u>Guidelines for Applicants – Release of AMDQ Credit Certificates</u>
Request Bids for Authorised MDQ Form-
<u>Request Bids for AMDQ CC Form</u>

## 2. REQUIREMENTS FOR TRANSFERS AND NOMINATIONS

### 2.1. General Requirements

AEMO will only initiate the transfer or nomination process if a Compliant Form has been received by AEMO, and:

- (a) the quantity of AMDQ to be transferred or nominated does not exceed the amount of *authorised MDQ* or *AMDQ credit certificates* (as applicable) registered in the name of the Transferor or Nominating Party; and
- (b) for a transfer of any quantity of AMDQ that was allocated to the Transferor by the *declared transmission system service provider* under rule 329E of the NGR (other than a transfer between a *tariff D withdrawal point* and the Reference Hub), the *declared transmission system service provider* has approved the transfer; and
- (c) if a transfer or nomination relates to an SWP at an Interconnected Facility:
  - (i) AEMO has received satisfactory evidence in accordance with clause 2.5 that the Transferee or Nominating Party (as applicable) is entitled to sufficient firm capacity on that Interconnected Facility to cover the transfer or nomination quantity, plus any existing AMDQ held at that SWP by the Transferee or Nominating Party (as applicable); and
  - (ii) accreditation of a sufficient *controllable quantity* to cover the AMDQ transfer amount or nominated quantity is in place under rule 210 of the NGR, or an application for accreditation is submitted with the Form.

### 2.2. Permitted Transfers

- (a) Transfers of *authorised MDQ* can only be undertaken:
  - (i) between *tariff D withdrawal points*;
  - (ii) between a *tariff D withdrawal point* and the Reference Hub; or
  - (iii) at the Reference Hub.
- (b) Transfers of *AMDQ credit certificates* can only be undertaken between parties at the Reference Hub.

### 2.3. Registration of AMDQ Credit Certificates

AEMO will register details of the AMDQ credit certificates that AEMO allocates to a Market Participant under the NGR. A party which otherwise holds or acquires *AMDQ credit certificates* must register them AMDQ credit certificates with AEMO. The party must provide:

- (a) certificate details;
- (b) CPP close proximity injection point MIRN; and
- (c) effective date of registration.

### 2.4. Nomination of AMDQ credit certificates

- (a) *AMDQ credit certificates* registered by AEMO must then be nominated to a location permitted under these Procedures in order for *AMDQ credit* to be used or applied for any purpose contemplated by the NGR, including uplift hedges. Nominations to a *tariff D withdrawal point* may also provide limited protection from curtailment conditions set out in the Victorian Gas Load Curtailment and Recovery Guidelines.
- (b) A person holding *AMDQ credit certificates* can nominate all or part of those *AMDQ credit certificates* to:
  - (i) the Reference Hub;

- (ii) a *tariff D withdrawal point* for which that person is also the Financially Responsible Organisation; or
- (iii) an SWP at an Interconnected Facility.

## 2.5. Evidence of Firm Capacity

- (a) For a transfer of *authorised MDQ* or nomination of AMDQ Credit Certificates to an SWP at an Interconnected Facility, the *Market Participant* who is the Transferee or Nominating Party must provide evidence satisfactory to AEMO that it, or a buyer of gas from that party, holds firm capacity rights on that Interconnected Facility:
  - (i) for at least the date range of the transfer or nomination request; and
  - (ii) at least equal to the total quantity of AMDQ to be held at the SWP by the *Market Participant* after the relevant transfer or nomination is registered.
- (b) The evidence must comprise a signed confirmation, in a form acceptable to AEMO:
  - (i) from the service provider of the Interconnected Facility identifying the person (primary shipper) that has contracted the relevant firm capacity from the service provider; and
  - (ii) if the primary shipper is not the *Market Participant*, from that primary shipper confirming that it has either:
    - (A) transferred those firm capacity rights to the *Market Participant*; or
    - (B) acquired a corresponding quantity of gas at the SWP from the *Market Participant*.
  - (iii) if applicable, from each other person deriving firm capacity rights from the primary shipper, confirming the relevant capacity transfer or gas trade, sufficient to establish that the *Market Participant*, or a buyer of gas from the *Market Participant*, is entitled to use the relevant quantity of firm capacity on the Interconnected Facility for the relevant period.

## 2.6. Expiry or Relinquishment of Firm Capacity Rights

If the period specified in a confirmation under clause 2.5 expires, or a confirmation is updated so that the relevant entitlement to firm capacity is less than the *Market Participant's* total AMDQ at the relevant SWP, and no replacement evidence has been provided, AEMO will either transfer or nominate the quantity of AMDQ that exceeds the available firm capacity rights:

- (a) to the Reference Hub; or
- (b) to another site as instructed by that *Market Participant* (subject to the requirements of these Procedures).

## 2.7. Effective Date

- (a) Subject to paragraph (b), a transfer or nomination takes effect at the start of the *gas day* commencing on the 'From Date' on the Form, which must not be less than 5 days after the date on which AEMO receives a Compliant Form.
- (b) If AEMO is unable to process the application by the 'From Date', AEMO will notify the Applicant as soon as practicable and the transfer or nomination will take effect at the start of the next *gas day* after AEMO notifies the Applicant that processing is complete, or a later date agreed between AEMO and the Applicant.

## 2.8. Duration of Transfers

If a Transferor nominates a 'To Date' on the Form, then:

- (a) the duration of that transfer will be from the effective date under clause 2.7 to the end of the *gas day* that commences on the 'To Date' on the Form;
- (b) at the end of that period, the relevant AMDQ will transfer back to the Transferor at the location from which the original transfer was made; and
- (c) the Transferee must provide a written acknowledgment that the transfer will cease to apply at the end of that period and that the AMDQ previously transferred will revert to the Transferor.

## 2.9. Duration of Nominations

A nomination will apply from the effective date under clause 2.7 until the end of the *gas day* that commences on the earlier of:

- (a) the date (if any) specified by the Nominating Party on the Form as the day on which the nomination is to cease to apply;
- (b) the date (if any) subsequently notified in writing to AEMO by the Nominating Party as the last day on which the nomination is to apply; or
- (c) for a *tariff D withdrawal point*, the day before a customer transfer for the relevant site to another *Market Participant* takes effect.

**Note:** Any AMDQ credit nominated to a *tariff D withdrawal point* becomes unavailable to the *Market Participant* for hedging and/or tie-breaking purposes if the site churns to another *Market Participant*. It is recommended that a Form nominating that AMDQ credit to the Reference Hub or other *tariff D withdrawal points* is submitted in time to be processed before the customer transfer occurs.

## 2.10. Appointment of a Transfer Agent

Any person entitled to transfer AMDQ under these Procedures may appoint a Transfer Agent to act on its behalf for the purpose of completing the Form. Suitable evidence confirming the appointment of the Transfer Agent must be provided with the Form.

## 2.11. Non-Market Participants - Customers and Transfer Agents

A Customer or Transfer Agent who is not a *Market Participant* is bound by these Procedures and by the applicable provisions of the NGR and may transfer AMDQ in accordance with rule 331(2).

## 2.12. Transferee Consent

Where the Applicant is not the Transferee, suitable evidence confirming the Transferee's consent to the transfer must be provided with the Form.

# 3. ASSESSMENT OF APPLICATIONS

## 3.1. Restrictions of Transfer and Nomination Quantities

### 3.1.1. Diversity and Locational Factors

The methodology by which Diversity Factors and Locational Factors are applied to account for the effect of pipeline network dynamics on the value of *authorised MDQ* when transferred or *AMDQ credit certificates* when nominated is described in the "AMDQ Transfer Algorithms for the Transfer of Authorised MDQ and AMDQ Credit Certificates" document published on the AEMO website.

The methodology takes into account the available spare capacity within the declared transmission system.



### 3.1.2. Adverse Impact

Where AEMO determines that a transfer of *authorised MDQ*, or a nomination of *AMDQ credit certificates*, may have an adverse impact on pipeline system dynamics, including increasing the risk of capacity constraints, AEMO may:

- (a) decline to process the transfer or nomination; or
- (b) attach conditions to the transfer or nomination; or
- (c) reduce the amount of AMDQ that may be transferred or nominated.

If paragraph (c) applies, AEMO will notify the Applicant in writing of the maximum quantity of AMDQ that may be transferred or nominated. The Applicant must then notify AEMO in writing as soon as possible if it wishes to withdraw the Form or amend the transfer or nomination quantity.

## 3.2. Processing Time

### 3.2.1. Incomplete Form

If AEMO receives a non-Compliant Form, it will notify the Applicant in writing and will only resume processing the transfer request once a Compliant Form has been received by AEMO.

### 3.2.2. Normal processing time

AEMO will use reasonable endeavours to process transfer and nomination applications within six (6) business days of AEMO receiving a Compliant Form.

## 3.3. Priority and Delays

- (a) Applications for transfers and nominations will be processed under a single priority queue in accordance with the time and date order in which a Compliant Form is received by AEMO.
- (b) In some circumstances applications may require longer processing times than would otherwise apply, in which case AEMO will advise the applicant as soon as reasonably practicable of the expected completion time. These circumstances may include, for example:
  - (i) applications relating to a lateral pipeline where there is a limit on the quantity of AMDQ that may be transferred to that lateral pipeline; or
  - (ii) where AEMO needs to undertake modelling to establish whether any limits should be imposed on the amount of capacity to be transferred or nominated.

## 4. NOTIFICATIONS & INFORMATION PUBLISHED BY AEMO

### 4.1. Notification of Completed Transfers

AEMO will notify the following parties within one (1) business day of registering a transfer:

- (a) the Transferor where a Transfer Agent is not used;
- (b) the Transferee where a Transfer Agent is not used;
- (c) the Transfer Agent where a Transfer Agent is used; and
- (d) the Transferor's and Transferee's Financially Responsible Organisation (if not one of the above parties).

AEMO will use the same means of notification as was used by the Applicant for submission of its application to AEMO (either by post or e-mail).

## 4.2. Available Transfer Information

AEMO will provide the following information to the parties set out on the Form and identified below:

- (a) Transferor – transferred amount, amended source site amount, destination site and transfer period;
- (b) Transferee – transferred amount, amended destination site amount, source site and transfer period;
- (c) Transfer Agent – Transferor's transfer amount, Transferee's transfer amount, source site, destination site and transfer period;
- (d) Transferor's Financially Responsible Organisation (if not one of the above parties) – transferred amount, source site and transfer period; and
- (e) Transferee's Financially Responsible Organisation (if not one of the above parties) – transferred amount, destination site and transfer period.

## 4.3. ~~Public Report~~ Publication on Market Information Bulletin Board

AEMO will publish on the *market information bulletin board*:

- (a) the aggregate amount of *authorised MDQ* and the aggregate amount of *AMDQ credit certificates* transferred on each *gas day*; and
- (b) the indicative amount of available spare capacity at selected locations within the declared transmission system,

and will update this information as soon as reasonably practicable.

## 4.4. Notification of Registration of ~~an AMDQ credit certificate~~ Nomination

AEMO will notify the Applicant within one (1) business day of registering a nomination. AEMO will use the same means of notification as was used by the Applicant for submission of its application to AEMO (either by post or e-mail).

## 5. AUTHORISED MDQ AUCTIONS

### 5.1. Application of Auction Requirements

The procedure in this clause 5 applies ~~where rule 329F(3)(b) of the NGR requires AEMO to conduct an auction of *authorised MDQ* relinquished under rule 332(1). in the event that there is insufficient available *authorised MDQ* to satisfy the requirements of all persons have requested an allocation of *authorised MDQ* made available under rule 330(1) of the NGR.~~

### 5.2. Notice of Auction

Where AEMO is required to conduct an auction under rule ~~329F(3)30(4)~~(b), AEMO will publish a notice on the AEMO website and via an AEMO communication (email):

- (a) setting out the amount of *authorised MDQ* available to the market, subject to the factors described in clause 5.3; and
- (b) inviting interested persons to bid for *authorised MDQ* in accordance with clause 5.4.

### 5.3. Applicable AMDQ Location and Diversity Factors

The amount of available *authorised MDQ* is based on a load diversity factor of 1.000 and location at the Reference Hub. An *authorised MDQ* Diversity Factor of 1.000 will apply to *authorised MDQ* obtained through the AMDQ auction process. The Locational Factors that apply to *authorised MDQ* allocated to sites are in Table 1 of the Authorised MDQ Transfer Algorithm (latest version at the date of publication of the auction notice) as published on

AEMO's website. The relevant Locational Factors should be taken into account by all persons proposing to submit a bid.

~~Following a notice of auction, AEMO will publish further information on its website about the operation of regarding how the AMDQ Locational and Diversity Factors, operate in a is found in the document entitled "Guidelines for Applicants – Release of Authorised MDQ", and published on AEMO's website.~~

#### 5.4. **Bid Information to be Contained in Bids**

Bids ~~for a quantity of authorised MDQ under an auction notice~~ must be in writing, in the form specified by AEMO if applicable, and must conform to the following requirements:

- (a) each bid must be for a separate quantity expressed in gigajoules (GJ) at a price;
- (b) bid prices must be made in whole dollars and cents, exclusive of GST;
- (c) each bid must be for a nominated *MIRN* or to the Reference Hub;
- (d) no more than five bids can be made by any person; and
- (e) bids must be unconditional.

AEMO may determine that a bid (or part of a bid) is invalid if the bid is illegible or does not comply with one or more any of the above requirements.

#### 5.5. **Allocation of available Authorised MDQ by AEMO**

~~(a) Only valid bids will be considered in the allocation process.~~

~~(a)(b)~~ AEMO will allocate available *authorised MDQ* on the basis of highest bid to lowest bid price.

~~(b)(c)~~ If the last successful bids are tied, the remaining amount of available *authorised MDQ* will be allocated between the relevant bidders by a pro-rata method according to the quantities requested.

~~(c)(d)~~ If the sum of ~~requested available~~ *authorised MDQ* under all valid bids is less than the total amount of *authorised MDQ* available for allocation, then the available *authorised MDQ* will be allocated to all bidders in accordance with their ~~valid~~ bids and the Locational and Diversity Factors.

#### 5.6. **Payment following Allocation of available authorised MDQ**

- (a) Successful bidders will be invoiced for the allocated quantity of available *authorised MDQ* according to the successful bid price(s) plus GST.
- (b) Available *authorised MDQ* allocations will be processed and completed within 5 business days following the date that AEMO receives payment.
- (c) If a successful bidder fails to make payment to AEMO within 20 business days of the invoice date, or as agreed by AEMO (maximum 5 business days extension), then AEMO will cancel that allocation and re-allocate the available *authorised MDQ* to the remaining bidders until the available *authorised MDQ* is fully allocated.

## 6. AMDQ CREDIT CERTIFICATES AUCTIONS

### 6.1. Application of Auction Requirements

#### 6.1.1. Requirement to conduct auction

The procedure in this clause 6 applies where rule 329G of the NGR requires AEMO to conduct an auction of AMDQ credit certificates available for allocation under:

- (a) rule 329B(1) - relating to an amount of existing capacity not allocated as at the commencement of AA Period, or the allocation period expires during the AA Period, for which the AER has not made a determination under rule 329B(2); or
- (b) rule 329C(1) or (2)(a) - relating to new capacity commissioned during an AA Period for which the AER has not made a determination under rule 329C(4).

#### **5.6.1-6.1.2. Eligibility**

- (a) Only *Market Participants* with an accredited *controllable quantity* at the relevant CPP are eligible to receive and hold an allocation of *AMDQ credit certificates*.
- (b) A person that has applied to AEMO both for registration as a *Market Participant* and for accreditation of a relevant *controllable quantity* under rule 210 of the NGR may bid for *AMDQ credit certificates* at an auction, but:
  - (i) AEMO must not allocate certificates to any person who does not meet the eligibility criteria in paragraph (a) at the time of allocation; and
  - (ii) that person's bids will be disregarded in determining the allocation.

## **6.2. Notice of Auction**

### **6.2.1. Form of notice**

Where AEMO is required to conduct an auction under rule 329G(3), AEMO will publish a notice on the AEMO website and via an AEMO communication (email) that specifies at least:

- (a) the amount of *AMDQ credit certificates* expected to be available to the market, for each CPP and (where applicable) extension or expansion project;
- (b) the terms and conditions applicable to the certificates to be auctioned;
- (c) the method and terms for payment of the applicable auction price payable for any allocation of *AMDQ credit certificates*; and
- (d) an invitation for eligible persons to bid for *AMDQ credit certificates* in accordance with clause 6.4.

### **6.2.2. Timing of auction**

AEMO must issue the notice in sufficient time for auctioned *AMDQ credit certificates* to be allocated by (as applicable):

- (a) the scheduled commencement date of the relevant AA Period;
- (b) the scheduled commissioning date of the relevant expansion or extension; or
- (c) the expiry date of a previous allocation period that ends during an AA Period, subject to and in accordance with the requirements of the NGR and these Procedures.

## **6.3. Information from DTSSP**

### **6.3.1. Prior to commencement of AA Period**

Not later than [12 months] before the *revision commencement date* specified in its current *access arrangement*, the DTSSP must notify AEMO of the following information for the purpose of determining auction requirements:

- (a) the quantity of any new capacity to be added by an extension or expansion of the *declared transmission system* expected to be commissioned during the next AA Period, the proposed commissioning date and the relevant CPP;
- (b) any potential variations to that capacity in specified circumstances;

- (c) the quantity and location of any existing capacity, or capacity to be added in the next AA Period, in respect of which:
  - (i) the associated costs are neither included in the DTSSP's *capital base* nor *approved capex*;
  - (ii) the DTSSP has applied or will apply to the AER for a determination under rule 329B(2) or 329C(4) of the NGR; or
  - (iii) the AER has made such a determination (including a copy of the determination);
- (d) the [proposed] *reference tariff(s)* [or other tariffs] applicable to new or existing capacity for which AEMO will or may be required to auction *AMDQ credit certificates* for allocation at the commencement of the next AA Period, and
- (e) if applicable, the minimum number of *AMDQ credit certificates* that must be allocated for an extension or expansion project to proceed.

### **6.3.2. Additional information requirements**

The DTSSP must promptly notify AEMO if:

- (a) any of the information provided under clause 6.3.1 in respect of proposed new capacity changes; or
- (b) the DTSSP applies to the AER for a determination under rule 329B(2) or 329C(4) of the NGR; or
- (c) the AER makes such a determination (including a copy of the determination).

### **6.4. Bid Information**

Bids for a quantity of *AMDQ credit certificates* under an auction notice must be in writing, in the form prescribed by AEMO if applicable, and must conform to the following requirements:

**[Note: Two allocation options are proposed for consultation: Option 1 – Pay as Bid; and Option 2 – Clearing Price]**

#### **[Option 1 – Pay as Bid]**

- (a) each bid must be for a separate quantity expressed in gigajoules (GJ) at a price;
- (b) bid prices must be made in whole dollars and cents, exclusive of GST, and must not be less than the minimum bid price or more than the maximum bid price indicated in the notice of auction;
- (c) bid quantities must not be less than any minimum bid quantity indicated in the notice of auction (provided that the minimum bid quantity must not be more than 1,000 GJ), and not more than the **total of the bidder's accredited controllable quantity** at the CPP;
- (d) each bid must specify the CPP and, if relevant, the expansion project to which the bid applies;
- (e) no more than five bids can be made by any person; and
- (f) bids must be unconditional and include the bidder's acceptance of all applicable terms and conditions indicated in the notice of auction.

AEMO may determine that a bid (or part of a bid) is invalid if the bid is illegible or does not comply with one or more of the above requirements.

#### **[Option 2 – Clearing Price]**

- (a) each bid must specify the total bid quantity, and between one and five price steps, each comprising a quantity of *AMDQ credit certificates* in gigajoules (GJ) and the price offered for that quantity (in \$/GJ);

- (b) the quantity in each price step represents the maximum quantity of AMDQ credit certificates the bidder is willing to buy at the specified price if it receives an allocation, and must not be less than any minimum bid quantity indicated in the notice of auction (provided that the minimum bid quantity must not be more than 1,000 GJ);
- (c) the price in each price step must be in whole dollars and cents, exclusive of GST, and must not be less than the minimum bid price or more than the maximum bid price indicated in the notice of auction;
- (d) the aggregate of the quantities in all price steps must not exceed the total of the bidder's accredited controllable quantity at the CPP;
- (e) the quantity of AMDQ credit certificates specified in a price step must not be higher than the quantity specified in another price step with a lower price;
- (f) each bid must specify the CPP and, if relevant, the expansion project to which the bid applies;
- (g) no more than one bid can be made by any person; and
- (h) bids must be unconditional and include the bidder's acceptance of all applicable terms and conditions indicated in the notice of auction.

AEMO may determine that a bid (or part of a bid) is invalid if the bid is illegible or does not comply with one or more of the above requirements.

## **6.5. Allocation of AMDQ Credit Certificates**

### **6.5.1. Minimum aggregate bid quantity**

Where:

- (a) available AMDQ credit certificates relate to proposed capacity under an extension or expansion project for which the DTSSP has specified (under clause 6.3) a minimum quantity of AMDQ credit certificates to be allocated for that project to proceed; and
- (b) the aggregate quantity of AMDQ credit certificates under valid bids relating to that proposed capacity is less than the specified minimum quantity,

AEMO must not allocate any AMDQ credit certificates in respect of that proposed capacity unless agreed with the DTSSP.

### **6.5.2. Allocation process**

**[Note: Two allocation options are proposed for consultation: Option 1 – Pay as Bid; and Option 2 – Clearing Price]**

#### **[Option 1 – Pay as Bid]**

- (a) Only valid bids will be considered in the allocation process.
- (b) AEMO will allocate available AMDQ credit certificates on the basis of highest to lowest bid price.
- (c) If the last successful bids are tied, the remaining amount of available AMDQ credit certificates will be allocated between the relevant bidders by a pro-rata method according to the quantities requested.
- (d) If the sum of AMDQ credit certificates under all bids does not exceed the total amount of AMDQ credit certificates available for allocation, then the available AMDQ credit certificates will be allocated to all bidders in accordance with their bids.

#### **[Option 2 – Clearing Price]**

- (a) Only valid price steps in valid bids will be considered in the allocation process.

- (b) AEMO will allocate available AMDQ credit certificates on the basis of highest priced price step to lowest priced price step.
- (c) If the sum of AMDQ credit certificates under all bids does not exceed the total amount of AMDQ credit certificates available for allocation, then the available AMDQ credit certificates will be allocated to all bidders in accordance with their bid quantities, at a clearing price equal to the lowest price specified in any price step.
- (d) If the sum of AMDQ credit certificates under all bids exceeds the total amount of AMDQ credit certificates available for allocation, then the clearing price payable by all successful bidders is the price specified in the price step at which the available quantity of AMDQ credit certificates is first reached, and AEMO will allocate quantities as follows:
  - (i) each bidder with no price steps at the clearing price will be allocated the quantity in its price step (if any) with the lowest price above the clearing price; and
  - (ii) each bidder with a price step at the clearing price will be allocated the quantity in its price step (if any) with the lowest price above the clearing price, plus a share of the remaining unallocated AMDQ credit certificates in proportion to the total quantity of AMDQ credit certificates specified in all price steps at the clearing price.

### **6.5.3. Provisional allocations**

[Note that conditions will need to be considered where the auction is held where there remains a potential for intervening events, such as AER determinations or delays in commissioning, to impact on the auction (amount of available capacity, commissioning date, price or other terms, etc.)]

- (a) Where an auction of AMDQ credit certificates is completed:
  - (i) more than 50 business days before the scheduled commencement date of the relevant AA Period; or
  - (ii) before the commissioning date of a relevant extension or expansion project.

AEMO may make provisional allocations to successful bidders subject to conditions specified by AEMO.
- (b) If AEMO makes provisional allocations under paragraph (a), AEMO may revise them in accordance with the specified conditions, but must confirm the final allocations (whether or not revised) by notice to the successful bidders not less than [5] business days before the effective date of the allocation.

### **6.6. Payment**

- (a) Following final allocation, successful bidders will be invoiced for the allocated quantity of available AMDQ credit certificates according to the [successful bid price(s)/clearing price] plus GST, in the manner set out in the notice of auction.
- (b) Unless otherwise specified by AEMO, allocations of available AMDQ credit certificates will be processed and completed within 5 business days following the date that AEMO receives payment.
- (c) If a successful bidder fails to make payment to AEMO in accordance with the applicable terms, or as agreed by AEMO, then AEMO will cancel that allocation and re-allocate the available AMDQ credit certificates to the remaining bidders until the available AMDQ credit certificates are fully allocated.

### **6.7. Sale or Re-Auction of Available AMDQ Credit Certificates**

#### **6.7.1. Requests for sale**

- (a) If the register maintained by AEMO under rule 327A(2) of the NGR indicates that previously auctioned AMDQ credit certificates remain available for allocation at a CPP,

any *Market Participant* may make a written offer to AEMO to purchase a quantity of those certificates if:

- (i) the quantity for which the offer is made is not less than any minimum quantity specified in the original notice of auction;
  - (ii) the price offered is not less than the [clearing price/lowest valid bid price] for that auction or, if no bids were made, not less than any minimum bid price specified in the notice of auction;
  - (iii) the *Market Participant* meets the eligibility criteria in clause 6.1.2; and
  - (iv) the offer is unconditional and includes the *Market Participant's* acceptance of all applicable terms and conditions indicated in the notice of auction.
- (b) If AEMO is satisfied that the offer meets the requirements in paragraph (a) and the relevant *AMDQ credit certificates* remain available for allocation, AEMO must publish a notice on its website inviting expressions of interest from other *Market Participants* in purchasing available *AMDQ credit certificates* at the relevant CPP by a closing date specified in the notice (not to be less than [10] *business days* after the date of publication).
- [Note: further drafting to be considered to ensure the requirement to seek EOs is not triggered by successive offers in any 12 month period (i.e. AEMO is not required to notify the market more than once in a 12 month period)]**
- (c) If, after the closing date specified in any notice issued under the notice, AEMO is satisfied that there is sufficient interest from *Market Participants* to justify a further auction, AEMO must notify the *Market Participant* who made the offer under paragraph (a) that the offer is not accepted and must re-auction the relevant *AMDQ credit certificates*, in which case the requirements of this clause 6 apply to that auction.
  - (d) Otherwise, AEMO must allocate the relevant certificates to the *Market Participant* who made the offer under paragraph (a) as soon as reasonably practicable after the closing date.
  - (e) The provisions of clause 6.6 relating to allocation and payment apply to any allocation to a *Market Participant* under paragraph (b)(ii).

#### **6.7.2. Information from DTSSP**

The DTSSP must give AEMO any information AEMO requests in connection with an offer or proposed auction under this clause 6.7, consistent with the information to be provided under clause 6.3.