

Capacity Trading Platform: Exchange Agreement amendments

Preliminary Consultation 1 May 2018

This paper sets out proposed amendments to the Exchange Agreement to implement the Capacity Trading Platform. Sample product specifications are in the attachment.

1 Amendments to clause 2, Definitions and Interpretation

Note to draft: *Where a term is already defined in the current EA (such as “Delivery Variance Quantity”), the two definitions will be merged so that they apply separately to Physical Gas and Physical Capacity.*

Auction Agreement means an agreement in the form of the Auction Agreement in the CTA Procedures.

Capacity means a right to use a quantity of a Forward Haul Service, Compression Service or Park Service, as applicable to the Product and identified in the Product Specification.

Capacity Type means each combination of:

- (a) a Transportation Service; and
- (b) Zones (for Forward Haul Service or Compression Service) or Transportation Facility and Park Service Points (for Park Service),

even if the Transportation Service is offered under different tenors, for example as daily, weekly and monthly Products.

Code means the Operational Transportation Service Code as defined in the National Gas Law.

Compression Delivery Zone means a Compression Delivery Zone identified in Schedule 3A.

Compression Receipt Zone means a Compression Receipt Zone identified in Schedule 3A.

Compression Service means the Standard Operational Transportation Service described in the Code as the Traded Compression Service.

Compression Service Facility means a Compression Service Facility identified in Schedule 3A.

Compression Zone means a Compression Delivery Zone or a Compression Receipt Zone.

CTP Participant means a Trading Participant who has applied to be registered as such.

CTA Procedures means the Capacity Transfer and Auction Procedures made by AEMO under the National Gas Law as amended from time to time.

Delivering Participant means, in relation to a Transfer Quantity for Physical Capacity, the Trading Participant determined to be the Delivering Participant in accordance with clause 14A.3.

Delivery Netting means for Physical Capacity Transactions, the process in clause 14A.3 and under the CTA Procedures for notifying net quantities of Capacity for Transfer for each Gas Day in a Transfer Window.

Delivery Variance Amount is defined in clause 17.3.

Delivery Variance Quantity means, for Physical Capacity, that part of a Transfer Quantity in respect of which a delivery failure or acceptance failure occurs.

DWGM Reference means information to identify an accredited controllable quantity for the purposes of Part 19 of the Rules.

Forward Haul Service means the Standard Operational Transportation Service described in the Code as the Traded Forward Haul Service.

Linked Transfer means, in relation to a Transfer of a Capacity Type, a Transfer of a different Capacity Type designated as Linked Capacity by the Product Specification.

Nominated Transportation Agreement means, in relation to a party to a Physical Capacity Transaction, the agreement nominated by the party as the agreement from which, or to which, the Capacity Transfer is to be made to give effect to the Physical Capacity Transaction.

Park Service means the Standard Operational Transportation Service described in the Code as the Traded Park Service.

Park Service Point means a Service Point at which a Transportation Service Provider will receive or deliver gas in connection with the Park Service.

Physical Capacity means any Product where the terms require the Seller to make available and the Buyer to accept, a Transfer of Capacity as specified in the Product Specification.

Pipeline means a pipeline identified in Schedule 3A.

Pipeline Delivery Zone means a Pipeline Delivery Zone identified in Schedule 3A.

Pipeline Receipt Zone means a Pipeline Receipt Zone identified in Schedule 3A.

Pipeline Zone means a Pipeline Delivery Zone or a Pipeline Receipt Zone.

Primary Facility Agreement has the meaning given in Part 24 of the NGR.

Receiving Participant means, in relation to a Transfer Quantity for Physical Capacity, the Trading Participant determined to be the Receiving Participant in accordance with clause 14A.3.

Service Point means each service point (as defined in Part 24 of the National Gas Rules) listed in the Transportation Service Point Register.

Service Term is defined in clause 12.1.

Standard Operational Agreement means, in relation to a Physical Capacity Transaction, the standard operational agreement for the Transportation Facility to which the capacity the subject of the Transaction relates, as published in accordance with the National Gas Law and the National Gas Rules, in the form current on the date the Physical Capacity Transaction is formed under this agreement.

Standard Operational Transportation Service has the meaning given to 'standard operational transportation service' in Part 24 of the National Gas Rules.

STTM Reference means the identifier for a registered facility service under Part 20 of the Rules.

Transaction Continuity Methodology means the methodology determined under rule 536A(1) of the National Gas Rules.

Transfer means:

- (a) in relation to a Delivering Participant, to reduce the Delivering Participant's quantity of Capacity under the Delivering Participant's Nominated Transportation Agreement; and
- (b) in relation to a Receiving Participant, to increase the Receiving Participant's quantity of Capacity under the Receiving Participant's Nominated Transportation Agreement.

Transfer Completion is defined in clause 14A.2(a).

Transfer Error means a Transfer that:

- (a) reaches Transfer Completion and is notified in accordance with clause 14A.2(b) but that is identified as incorrect (for example, is for the wrong quantity, Capacity Type, Gas Day or Nominated Transportation Agreement); or
- (b) does not reach Transfer Completion, but should have.

Transfer Quantity is defined in clause 14A.3(g).

Transfer Window is defined in clause 14A.3.

Transportation Facility means each Transportation Facility identified in item 1 of Schedule 3A.

Transportation Service means, in relation to a Transportation Facility, a Forward Haul Service, Park Service or Compression Service (as applicable).

Transportation Service Provider means each Transportation Service Provider identified in item 1 of Schedule 3A.

Transportation Service Point Register means the register of that name made by AEMO under the CTA Procedures, and defined in Part 24 of the National Gas Rules as the 'transportation service part register' as amended from time to time.

Zone means a Pipeline Zone or a Compression Zone.

2 Amendments to clause 5.1

- (a) Insert new paragraph (c) in clause 5.1.
 - (c) A Trading Participant may apply to be registered as a CTP Participant and (if so registered) may apply to have that registration withdrawn so that it remains registered as a general Trading Participant.

3 Amendments to clause 6.3

- (a) Amend the start of paragraph (b) to read "Subject to paragraph (d), admission ..."
- (b) Insert a new paragraph (d), insert:
 - "(d) A Trading Participant registered as a CTP Participant will only be admitted to trade Physical Capacity."

4 Amendments to clause 10.1

- (a) In clause 10.1, amend paragraph (e) to read "listings of available or required Capacity or imbalances submitted by Members under clause 10.5 or 10.6."

5 New clause 10.6

Insert new clause 10.6.

10.6 Imbalance listing service**10.6.1 Imbalance listing requests**

- (a) A Trading Participant or Viewing Participant may submit an imbalance listing request to the Operator at any time, indicating that the Trading Participant wishes to sell or buy an imbalance on a Transportation Facility.
- (b) An imbalance listing request must include the information, and be submitted in the form, required by the Operator from time to time and will be subject to reasonable validation parameters.

10.6.2 Listing by Operator

- (a) As soon as reasonably practicable after receipt of a valid imbalance listing request, the Operator must post a corresponding imbalance listing on the Trading System (available for viewing by Trading Participants and Viewing Participants) containing the following details in accordance with the request (as applicable):
 - (i) the Transportation Facility;
 - (ii) whether the listing is for a sale or purchase;
 - (iii) the contact details of the listing party; and
 - (iv) any other details reasonably determined by the Operator, other than Confidential Information.
- (b) The Operator must remove or close an imbalance listing on any expiry date specified in the imbalance listing request.
- (c) To avoid doubt, neither an imbalance listing request nor a listing of an imbalance on the Trading System is an offer capable of acceptance by another person.

10.6.3 Information published by Operator

The Operator may publish on its website a summary of facilities for which an imbalance has been listed on the Trading System.

6 Amendment to clause 12

- (a) Amend the definition of "Delivery Period" in clause 12.1 so it reads:

Delivery Period For Physical Gas, the period over which the delivery of the Commodity is to take place, as specified in the Order. For Physical Capacity, the Service Term.

- (b) In clause 12.1, insert a definition of Service Term:

Service Term For Physical Capacity, the period during which the Capacity may be used, as specified in the Order.

- (c) In clause 12.4, delete paragraph (d)(viii) and insert:

(viii) in the case of an Order relating to Physical Capacity, the Nominated Transportation Agreement and the STTM Reference or DWGM Reference, if applicable to the Product; and

- (ix) any other information required by the Product Specification or the Interface Protocol.
- (d) In clause 12.5, after paragraph (b)(vii), insert:
 - (viii) in the case of an Order relating to Physical Capacity, the Nominated Transportation Agreement, the STTM Reference or the DWGM Reference is not valid.

7 New clause 14A

14A Delivery of Capacity Transactions (Capacity Trading Platform)

14A.1 Application

- (a) This clause 14A applies to the Operator and a Trading Participant who is a party to a Physical Capacity Transaction, in its capacity as a Delivering Participant or Receiving Participant.
- (b) The Operator has no liability to any Member in respect of obligations of Trading Participants under this clause 14A or Transportation Service Providers under the CTA Procedures, and is not responsible for procuring the performance of any of those obligations.

14A.2 Transfer completion and Transfer Errors

- (a) For the purposes of this agreement, **Transfer Completion** occurs in relation to a Transfer Quantity when:
 - (i) the requirement to Transfer that Transfer Quantity has been notified by the Operator to the relevant Transportation Service Provider under the CTA Procedures and as provided for in this clause;
 - (ii) the Transfer, and each Linked Transfer (if any), has been validated by the Transportation Service Provider under the CTA Procedures;
 - (iii) the Transportation Service Provider has completed the Transfer; and
 - (iv) the Transportation Service Provider has confirmed the Transfer to the Operator in accordance with the CTA Procedures.
- (b) The obligations of Transportation Service Providers with respect to validation, Transfer and confirmation are set out in the CTA Procedures.
- (c) The Operator must notify the relevant Trading Participant through the Exchange Platform when Transfer Completion for a Transfer Quantity has occurred, or if there has been a delivery or acceptance failure in relation to any part of the Transfer Quantity.
- (d) The Operator must notify the relevant Trading Participant as soon as practicable if it becomes aware of a Transfer Error.
- (e) A Trading Participant must notify the Operator as soon as practicable if it becomes aware of a Transfer Error.
- (f) For the purposes of this agreement, the quantities of Capacity delivered and accepted will be the quantities determined in accordance with the CTA Procedures.

14A.3 Daily Transfer Process

- (a) Each Gas Day, the Operator will determine the **aggregate net trading position** of each Trading Participant for each Capacity Type for each Gas Day in the following 14 Gas Days, taking into account:
- (i) for the immediately following 13 Gas Days, all Physical Capacity Transactions which have not already been taken into account in an earlier calculation (typically comprising only those concluded since the calculation on the previous Gas Day); and
 - (ii) for the 14th Gas Day, all Physical Capacity Transactions concluded on or before the Gas Day on which the calculation is made with a Service Term that includes that 14th Gas Day.
- (b) The aggregate net trading position for a Gas Day, g Participant and Capacity Type may be positive, negative or zero and will be equal to:
- (i) the Transaction Quantity for all Physical Capacity Transactions for that Capacity Type to be taken into account for that Gas Day as provided for in paragraph (a) and for which the Trading Participant is the Buyer and with a Service Term that includes that Gas Day; less
 - (ii) the Transaction Quantity for all Physical Capacity Transactions for that Capacity Type to be taken into account for that Gas Day as provided for in paragraph (a) and for which the Trading Participant is the Seller and with a Service Term that includes that Gas Day,
- as adjusted by the Operator to correct Transfer Errors, if any. The Operator is not required to make any adjustment to correct a Transfer Error the Operator becomes aware of on Gas Day D and that relates to that Gas Day D or the following Gas Day. The Operator may make adjustments to correct a Transfer Error the Operator becomes aware of on a Gas Day and that relate to the Gas Day after the following Gas Day or later.
- (c) A Trading Participant with a negative net aggregate trading position in relation to a Capacity Type for a Gas Day is a **Delivering Participant** in respect of that Gas Day and Capacity Type.
- (d) A Trading Participant with a positive net aggregate trading position in relation to a Capacity Type for a Gas Day is a **Receiving Participant** in respect of that Gas Day and Capacity Type.
- (e) On each Gas Day, the Operator must, in accordance with this clause 14A.3 and the CTA Procedures, calculate and notify to Transportation Service Providers the quantities of Capacity that the Transportation Service Providers must Transfer on that Gas Day for each of the following 14 Gas Days, which, subject to paragraph (f), must be the aggregate net trading positions.
- (f) Where provided for in the CTA Procedures, the Operator may calculate and notify quantities of Capacity to be transferred for each Physical Capacity Transaction and not aggregate net trading positions. Where this clause applies, for each Transaction, the Seller is the Delivering Participant and the Buyer is the Receiving Participant.

Note:

The CTA Procedures provide for notification based on transaction quantities (and not net quantities) where there is a systems failure that prevents the completion of netting.

- (g) A **Transfer Quantity** is each quantity of Capacity required to be Transferred for a Gas Day, Trading Participant and Capacity Type.
- (h) The Operator must determine which Transfer Quantities will be subject to the arrangements in the CTA Procedures for STTM Interface Points and DWGM Interface Points and give effect to those arrangements in accordance with the CTA Procedures.

14A.4 Obligations in relation to the Transfer Quantity

- (a) Each Gas Day D, for each Transfer Quantity for which a Trading Participant is the Delivering Participant, and for all Gas Days in the applicable Transfer Window, the Trading Participant must:
 - (i) ensure that a quantity of Capacity at least equal to the Transfer Quantity and of the applicable Capacity Type is available on that Gas Day D to be Transferred from its Nominated Transportation Agreement;
 - (ii) not do or omit to do anything that may hinder, delay or prevent the Transfer of the Transfer Quantity;
 - (iii) ensure that no Related Body Corporate of the Trading Participant does or omits to do anything that may hinder, delay or prevent the Transfer of the Transfer Quantity; and
 - (iv) co-operate with the Transportation Service Provider to resolve any issues identified by the Transportation Service Provider in relation to the Transfer to ensure that the Transfer can be completed in a timely manner in accordance with the CTA Procedures.
- (b) Each Gas Day D, for each Transfer Quantity for which a Trading Participant is the Receiving Participant, and for all Gas Days in the applicable Transfer Window, the Trading Participant must:
 - (i) ensure that on Gas Day D the Trading Participant has a Nominated Transportation Agreement for the Transfer that extends to the applicable Capacity Type;
 - (ii) not do or omit to do anything that may hinder, delay or prevent the Transfer of the Transfer Quantity;
 - (iii) ensure that no Related Body Corporate of the Trading Participant does or omits to do anything that may hinder, delay or prevent the Transfer of the Transfer Quantity; and
 - (iv) co-operate with the Transportation Service Provider to resolve any issues identified by the Transportation Service Provider in relation to the Transfer to ensure that the Transfer can be completed in a timely manner in accordance with the CTA Procedures.

14A.5 Delivery and acceptance failure

- (a) A delivery failure occurs with respect to a Transfer Quantity if Transfer Completion for that Transfer Quantity is not reached within the time required under the CTA Procedures (whether or not due to the act or omission of the Delivering Participant).

- (b) An acceptance failure occurs with respect to a Transfer Quantity if Transfer Completion is not reached within the time required under the CTA Procedures (whether or not due to the act or omission of the Delivering Participant).
- (c) If a delivery failure occurs with respect to a Gas Day:
 - (i) the Delivering Participant must pay a Delivery Variance Amount in respect of the Delivery Variance Quantity as part of its Settlement Amount for the Billing Period that includes the Gas Day on which the failure occurred; and
 - (ii) the liability of the Delivering Participant under this agreement for that failure is limited to the amount of the payment reflected in the Delivery Variance Amount.
- (d) If an acceptance failure occurs with respect to a Gas Day:
 - (i) the Receiving Participant must pay a Delivery Variance Amount in respect of the Delivery Variance Quantity as part of its Settlement Amount for the Billing Period that includes the Gas Day on which the failure occurred; and
 - (ii) the liability of the Receiving Participant under this agreement for that failure is limited to the amount of the payment reflected in the Delivery Variance Amount.

Note to draft: Subject to confirmation of treatment of acceptance failures.

14A.6 Termination of Primary Facility Agreement

- (a) If a Transportation Service Provider notifies the Operator of the termination of a Primary Facility Agreement in accordance with the CTA Procedures, a Primary GTA Termination Adjustment Payment will be determined in accordance with the Transaction Continuity Methodology in respect of the Trading Participant and terminated Primary Facility Agreement and will be included in Settlement for payment by the Trading Participant.

Note to draft: The Primary GTA Termination Adjustment Payment is expected to be (for the first 14 days after notification) an amount equal to the amount payable by AEMO to the Transportation Service Provider by way of service continuity payment under the CTA Procedures and (for any primary capacity sold but terminated after that date) 25% of the transaction value.

- (b) If a Transportation Service Provider notifies the Operator of the termination of a Primary Facility Agreement in accordance with the CTA Procedures, for each affected Physical Capacity Transaction:
 - (i) the Transaction Quantity will be prorated down by applying the applicable adjustment factor determined under paragraph (b) for each Gas Day in the Service Term that falls after the end of the service continuity period for the affected Physical Capacity Transaction;
 - (ii) the Transaction Quantity as adjusted will be used for notifications to Transportation Service Providers under this clause 14A as each such Gas Day in the Service Term falls into the Transfer Window; and
 - (iii) a Primary GTA Termination Adjustment Amount will be determined in accordance with the Transaction Continuity Methodology in respect of the amount of the reduction and will be included in Settlement.

Note to draft: The Primary GTA Termination Adjustment Amount will be a share of the amount paid by the terminated Trading Participant by way of Primary GTA Termination Adjustment Payment.

Note:

As capacity cannot be traced, pro-rating is applied across all Transactions holding the Capacity Type affected by the termination, not just those buying from the terminated seller.

- (c) A different adjustment factor is determined for each Gas Day and each Capacity Type and applied to affected Physical Capacity Transactions for that Capacity Type. The adjustment factor is:

$$(A-B)/A$$

where:

A is the total of the Transaction Quantity for the Gas Day for all affected Physical Capacity Transactions of that Capacity Type; and

B is the Transaction Quantity for the Gas Day for terminated Primary Capacity of that Capacity Type.

- (d) In this clause:

(i) **affected GSH product**, means each Product for a Capacity Type that is the same as any of the Capacity Types comprised in the terminated Primary Capacity;

(ii) **affected Physical Capacity Transaction** means each Physical Capacity Transaction for an affected GSH Product concluded on or before the notification date and with a Service Term that includes the period after the end of the service continuity period;

Note to draft: The arrangements for the service continuity period as currently proposed will not allow for on-trading of terminated primary capacity.

(iii) **notification date** means the Gas Day on which the termination of the Primary Facility Agreement is taken to have been notified to the Operator under the CTA Procedures;

(iv) **service continuity period** means, for terminated Primary Capacity, the period determined under the CTA Procedures; and

(v) **terminated Primary Capacity** means each Capacity Type (where capacity at a Service Point will be treated as if it were capacity in the Zone to which the Service Point is allocated) provided under the terminated Primary Facility Agreement (prior to its termination).

14A.7 Transfer of title and terms of use

- (a) For the purposes of this agreement, title to, risk and control of Capacity that is Transferred in accordance with this agreement passes to the Receiving Participant when on Transfer Completion for that Capacity.

- (b) Each Receiving Participant acknowledges and agrees that in respect of Capacity purchased through the Exchange (including under a Pre-matched Trade):

- (i) the terms and conditions for use for the Capacity are the terms and conditions agreed between the Receiving Participant and the relevant Transportation Service Provider;
- (ii) no warranty or representation is made as to the availability of the Capacity for use or its priority and in particular:
 - (A) where the Capacity relates to a Zone, it may not be possible to access the Receiving Participant's preferred Service Point within the Zone or to transfer the same quantity of Capacity at another Service Point within the Zone; and
 - (B) the Transportation Service Provider may curtail nomination and use of Capacity from time to time;
- (iii) except to the extent expressly provided for in this agreement including the applicable Product Specification, the Operator and each Delivering Participant expressly disclaims, to the fullest extent permitted by law, any warranty, written or oral, express or implied in relation to the Capacity, including without limitation any warranty as to quality, merchantability, or fitness for any particular purpose of any Capacity or Transportation Service; and
- (iv) the right to use Capacity may be terminated by the Transportation Service Provider for reasons beyond the control of the Operator or any Delivering Participant including where the Primary Facility Agreement from which the Capacity originated is terminated.

8 Amendments to clause 17 (Settlements)

- (a) Amend clause 17.3.1 to change each reference to the "Rules Methodology" to the "Rules Methodology and the Transaction Continuity Methodology".
- (b) Add the following new definitions to clause 17.3.2:

Capacity Trading Amount An amount payable in respect of a Gas Day, representing the Transaction Price multiplied by the Transaction Quantity under all Physical Capacity Transactions for which the Delivery Period includes all or part of that Gas Day where the Trading Participant is the Buyer (in which case the amount is payable by the Trading Participant to the Operator) or the Seller (in which case the amount is payable by the Operator to the Trading Participant) as may be adjusted by a GTA Termination Adjustment Amount for that Gas Day.

GTA Termination Adjustment Amount An amount payable in respect of an affected Physical Capacity Transaction (as defined in clause 14A.6(d)) as determined under the Transaction Continuity Methodology.

GTA Termination Adjustment Payment An amount payable in respect of a Primary Facility Agreement as determined under the Transaction Continuity Methodology.

- (c) In clause 17.3.3 after each reference to the "Physical Gas Amounts" add a reference to the "Physical Capacity Amounts".

9 Amendments to clause 18.7

Amend clause 18.7 as marked. (a) For the purposes of this clause 18, the maximum total payment by the Operator in respect of a Billing Period is determined in accordance with the joint maximum total payment calculation in the CTA Procedures. equal to:

~~the aggregate of the amounts received or applied by the Operator in respect of Market Participants by 2:00pm on the relevant payment date for that Billing Period; plus~~

~~(ii) — if one or more Market Participants are in default, the aggregate amount which the Operator is able to obtain by that time from the Credit Support provided in respect of those Market Participants under this agreement; less~~

~~(iii) — the aggregate of the amounts applied in accordance with paragraph (b).~~

(b) Any payment received or applied by the Operator in respect of a Market Participant for a Billing Period is taken to be made, and may be applied by the Operator, in satisfaction of the Exchange Fees payable to the Operator by that Market Participant (as specified in the relevant final or Revised Statement issued to that Market Participant) before it is applied by the Operator 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 the Operator to each of the Market Participants to whom payments are to be made in respect of the Billing Period, then the amount payable by the Operator to each relevant Market Participant in respect of that Billing Period is reduced by applying the adjustment determined under the CTA Procedures. following:

$$AAP = SAP * (A/B)$$

where:

~~AAP is the reduced amount payable by the Operator 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 rule.~~

~~A is the maximum total payment in respect of the Billing Period; and~~

~~B is the aggregate of the net amounts payable by the Operator to Market Participants under this clause in respect of the Billing Period.~~

10 Amendments for clause 20 (Default and Termination)

(a) In clause 20.1, insert a new paragraph (o).

(o) if the Market Participant is also a party to an Auction Agreement, a Default Event (as defined in the Auction Agreement) occurs in relation to the Market Participant under the Auction Agreement.

(b) In the heading to clause 20.5, insert “for Physical Gas”.

(c) Insert a new clause 20.6.

20.6 Close out and offset procedure for Physical Capacity**20.6.1 General provisions for application of close out and offset**

- (a) In this clause 20.6, the Defaulting Participant is the Trading Participant in relation to which the Default Event occurred.
- (b) The reference to close out and offset in clause 20.5.1(b) is taken to include close out and offset under this clause 20.6, and the Close Out Notice referred to in that clause is taken to extend to this clause.
- (c) The close out and offset arrangements in this clause for Capacity Transactions apply to, and are to be determined separately in respect of:
 - (i) the Close Out Effective Date and each subsequent Gas Day for which there is a Capacity Transaction (other than Pre-matched Trades, which are to be cancelled by the Operator):
 - (A) to which the Defaulting Participant is a party; and
 - (B) for which the Service Period includes a Gas Day falling on or after D+1, where D is the Close Out Effective Date,(each a **relevant Capacity Transaction**); and
 - (ii) each Capacity Transaction for a Capacity Type the same as the Capacity Type of any relevant Capacity Transaction.
- (d) As soon as practicable after giving a Close Out Notice to a Defaulting Participant, the Operator must inform all other Trading Participants who are parties to relevant Capacity Transactions, but any failure or delay in doing so will not affect the application of this clause.
- (e) If there is more than one Defaulting Participant in respect of any relevant Gas Day, the close out and offset arrangements will be applied sequentially for each Defaulting Participant, starting with the Defaulting Participant for whom the Close Out Notice was first given. For this purpose the Operator may modify the arrangements to the extent that the Operator considers fair and reasonable in order to achieve a result which is consistent with the principles underlying this clause 20.6.

20.6.2 Offset Quantity and Close Out Quantity

- (a) The total quantity to be offset for a relevant Gas Day and Capacity Type (**Offset Capacity Quantity**) is the lesser of TCQS and TCQB, where
 - TCQS is the total of the Transaction Quantities for relevant Capacity Transactions in which the Defaulting Participant is the Seller; and
 - TCQB is the total of the Transaction Quantities for relevant Capacity Transactions in which the Defaulting Participant is the Buyer.
- (b) The total quantity which is subject to close out for a relevant Gas Day and Capacity Type in respect of relevant Capacity Transactions (**Close Out Capacity Quantity**) is the absolute value of TCQS – TCQB.

20.6.3 Offset and close out for net receipts

- (a) This clause 20.6.3 applies for a relevant Gas Day and Capacity Type only if the Offset Quantity is equal to TCQS. TCQS and TCQB have the meanings set out in clause 20.6.2(a) when used in this clause.
- (b) The Operator must calculate a capacity sell reduction factor (**CSRF**) for the Gas Day and Capacity Type as follows:

CSRF = Close Out Capacity Quantity / TCQB.

- (c) For each relevant Capacity Transaction for which the Defaulting Participant is the Buyer:

TCQR is the reduction to the Transaction Quantity made in respect of the Seller, equal to the Transaction Quantity multiplied by CSRF and rounded to the nearest whole GJ; and

ATCQ is the Transaction Quantity in respect of the Seller after adjustment, equal to the original Transaction Quantity less TCQR.

- (d) For each Transaction referred to in clause 20.6.3(c):

(i) the obligation of the Seller to deliver the Transaction Quantity is terminated and replaced by an obligation to deliver a Transfer Quantity equal to ATCQ on the same Gas Day, subject to clause 20.6.6;

(ii) the Transaction Quantity to be used for Settlement purposes for that Gas Day will be equal to ATCQ; and

(iii) the obligations of the Defaulting Participant to accept delivery of the Transaction Quantity (on that Gas Day) and to pay the Operator for the corresponding Commodity are terminated.

- (e) For each relevant Capacity Transaction in which the Defaulting Participant is the Seller:

(i) the obligation of the Defaulting Participant to make the Transaction Quantity available for Delivery on that Gas Day and the obligation of the Operator to pay the Defaulting Participant for the corresponding Commodity are terminated; and

(ii) the Buyer must accept delivery of the Transaction Quantity on that Gas Day in the manner provided for in clause 20.5.6.

20.6.4 Offset and close out for net deliveries

- (a) This clause 20.6.4 applies for a relevant Gas Day and Capacity Type only if the Offset Quantity is equal to TCQB. TCQS and TCQB have the meanings set out in clause 20.6.2(a) when used in this clause.

- (b) The Operator must calculate a capacity buy reduction factor (**CBRF**) for the relevant Gas Day and Capacity Type as follows:

CBRF = Close Out Quantity / TCQS

- (c) For each relevant Capacity Transaction in which the Defaulting Participant is the Seller:

TCQR is the reduction to the Transaction Quantity made in respect of the Buyer, equal to the Transaction Quantity multiplied by CBRF, rounded to the nearest whole GJ; and

ATCQ is the Transaction Quantity in respect of the Buyer after adjustment, equal to the original Transaction Quantity less TCQR.

- (d) For each Transaction referred to in clause 20.6.4(c):
 - (i) the obligation of the Buyer to accept delivery of the Transaction Quantity is terminated and replaced by an obligation to accept delivery of a Transfer Quantity equal to ATCQ on the same Gas Day, subject to clause 20.6.6;
 - (ii) the Transaction Quantity to be used for Settlement purposes for that Gas Day will be equal to ATCQ; and
 - (iii) the obligation of the Defaulting Participant to make the Transaction Quantity available for delivery on that Gas Day and the obligation of the Operator to pay the Defaulting Participant for the corresponding Commodity are terminated.
- (e) For each relevant Capacity Transaction in which the Defaulting Participant is the Buyer:
 - (i) the obligations of the Defaulting Participant to accept delivery of the Transaction Quantity and to pay the Operator for the corresponding Commodity are terminated; and
 - (ii) the Seller must deliver the Transaction Quantity on that Gas Day in the manner provided for in clause 20.6.6.

20.6.5 Acknowledgment

If an Offset Amount or Close Out Amount is payable in respect of a Defaulting Participant in relation to a Transaction, and that amount is paid by or set off in respect of that Defaulting Participant in Settlement, the other party to that Transaction has no claim or remedy against the Defaulting Participant under this agreement referable to the same Transaction.

20.6.6 Delivery of Offset Transactions

For each relevant Gas Day, the delivery or receipt obligations of each party to a relevant Commodity Transaction (other than the Defaulting Participant), as adjusted under clause 20.6.3 or 20.6.4, are to be included in the calculations under clause 14A.3.

20.6.7 Worked example of close out and offset

Note to draft: To be completed when the approach above is settled.

11 Amendments for clause 22 (Confidentiality)

Include a new sub-paragraph in clause 22.3 (or amend paragraph (i)) to permit disclosure to Transportation Service Providers or as otherwise permitted under the CTA Procedures.

12 Amendments to clause 24 (Liability)

- (a) In clause 24.1, after “breach of this agreement”, insert “or the CTA Procedures”.
- (b) In clause 24.3(c)(iv), after “clause 24.1”, insert “and clause 24.3A”.
- (c) Insert a new clause 24.3A.

24.3A No liability for Transportation Loss or Liability

- (a) No party is liable to any other party under or in connection with this agreement in circumstances for any amount in respect of or comprising Transportation Loss or

Liability however arising (including, without limitation, at law, in equity or pursuant to statute) and all such liability is excluded. For this purpose, **Transportation Loss or Liability** means any loss, damage, cost, liability or expense arising under or in respect of a Transportation Facility Agreement in connection with the Transfer or use of Capacity the subject of a Physical Capacity Transaction whether arising in contract, tort, (including negligence) under statute or otherwise, whether or not such loss was foreseeable and even if advised of the possibility of the loss or damage.”

- (b) Clause 24.3A(a) applies:
 - (i) to limit or exclude liability to the maximum extent permitted by law;
 - (ii) subject to clause 24.5; and
 - (iii) without prejudice and subject to clauses 24.1 and 24.3(b).

13 Amendments to clause 25 (Force Majeure)

Amend clause 25.2(b) as shown:

- (b) Force Majeure cannot be claimed in respect of, and does not excuse non-performance of, and does not suspend, any obligation with respect to:
 - (i) payment of any money;
 - (ii) providing or replacing Credit Support; ~~or~~
 - (iii) delivery or acceptance of a quantity of gas of the applicable Gas Specification at a Delivery Point under a Transaction (**delivery obligation**), except in the circumstances specified in paragraph (c); or
 - (iv) a Transfer of Capacity.

Attachment**Sample Product Specifications****Notes to draft:**

This document contains draft Schedules for the Exchange Agreement to define the new Physical Capacity Products. The Product Specification Schedules cover Daily products only. Once the form of the Product Specifications is settled, additional Product Specifications in the same form (except tenor and trading window) will be needed for Day Ahead, Weekly and Monthly Products.

This document assumes that:

-) the Transportation Facilities and Transportation Service Providers will be identified (through registration) and then included in the Transportation Service Point Register; and
-) the Transportation Service Point Register will define the Service Points and Zones.

Schedule 3A: Physical Capacity Transportation Facilities, Service Points and Zones

1. Transportation Facilities

Where used in a Product Specification for a Physical Capacity Product, the following terms refer to the relevant Transportation Facility identified in the Transportation Service Point Register.

Transportation Facility	Transportation Service Provider
RBP	In each case, as identified in the Transportation Service Point Register
QGP	
SWQP	
CGP	
MSP	
EGP	
MAPS	
SEAGas	
TGP	
TGP Transfer	
DTS Transfer	
Wallumbilla Compression Facility	
Moomba Compression Facility	
Ballera Compression Facility	
Iona Compression Facility	

2. Service Point definitions

Where used in a Product Specification for a Physical Capacity Product, the following terms refer to the Service Point of that name identified in the Transportation Service Point Register.

Note to draft: This table assumes the point definitions will be in the Transportation Service Point Register. This list is indicative only.

Transportation Facility	Service Point
RBP	RBP Run 1
	RBP Run 2
	RBP Run 3

Transportation Facility	Service Point
	RBP Run 4
	RBP Run 7
	Brisbane STTM
	Kogan North
	Scotia
	Woodroyd
	Condamine
	Windibri
	Argyle
QGP	Gladstone
	Wide Bay
	NOR
	Qld Alumina
	Boyne
	Yarwun
	Orica
SWQP	Moomba Compression Facility (MCF)
	Wallumbilla High Pressure Trade Point (HPTP)
	Wallumbilla Low Pressure Trade Point (LPTP)
	SWQP In-pipe Trade Point
CGP	Ballera (includes compression service provided by Santos)
	Mt Isa Mine
	Diamantina
	Mica Creek
	Phosphate Hill
	Osborne
	Cannington
MSP	Moomba MSP Inlet

Transportation Facility	Service Point
	Sydney STTM (Wilton)
	Culcairn South
	Culcairn North
	Moomba (MCF)
EGP	Longford
	Sydney STTM
MAPS	MAPS IPT (Moomba)
	Adelaide STTM (Metro Mainline)
SEAGas	Brumby
	Adelaide STTM
TGP	Longford (includes TGP transfer service provided by Jemena)
	Hobart
DTS Transfer	Longford [zone points]
	DTS Entry Point

3. Pipeline Zone definitions

Where used in a Product Specification for a Physical Capacity Product, the following terms refer to the Pipeline Zone of that name identified in the Transportation Service Point Register.

Note to draft: *This list is indicative only, ie it is intended only to show the categories of information to be included in this Schedule and how it could be set out. This table assumes the zone definitions will be in the Transportation Service Point Register. The pipeline zone definitions (ie the list of points included in the zone) are yet to be determined and only those that are relevant to the CTP would be included here.*

Pipeline	Pipeline Zone Name	Zone type
RBP	Wallumbilla Zone	Pipeline Receipt Zone
	Brisbane STTM Zone	Pipeline Delivery Zone
	Darling Downs Zone	Pipeline Receipt Zone
	RBP Mid-Line Zone	Pipeline Delivery Zone
SWQP	SWQP Moomba Zone [MSP or SWQP?]	Pipeline Receipt Zone
	SWQP Moomba Zone [MSP or SWQP?]	Pipeline Delivery Zone

Pipeline	Pipeline Zone Name	Zone type
	SWQP Wallumbilla HPTP Zone	Pipeline Receipt Zone
	SWQP Wallumbilla LPTP Zone	Pipeline Delivery Zone
QGP	Gladstone Zone	Pipeline Delivery Zone
CGP	Ballera Zone	Pipeline Receipt Zone
	Mt Isa Zone	Pipeline Delivery Zone
MSP	Moomba MSP Zone	Pipeline Receipt Zone
	Sydney Wilton Zone	Pipeline Delivery Zone
	Culcairn North Zone	Pipeline Receipt Zone
	Culcairn South Zone	Pipeline Delivery Zone
	Moomba MCF Zone	Pipeline Receipt Zone
EGP	Longford EGP Zone	Pipeline Receipt Zone
	Sydney EGP STTM Zone	Pipeline Delivery Zone
MAPS	MAPS Moomba Zone	Pipeline Receipt Zone
	MAPS Moomba Zone	Pipeline Delivery Zone
	Adelaide Mainline Zone	Pipeline Receipt Zone
	Adelaide Mainline Zone	Pipeline Delivery Zone
SEAGas	Brumby Zone	Pipeline Receipt Zone
	Adelaide STTM Zone	Pipeline Delivery Zone
TGP	Longford TGP Zone	Pipeline Receipt Zone
	Hobart Zone	Pipeline Delivery Zone
DTS Transfer	Longford DTS Zone	Pipeline Receipt Zone
	DTS Entry Zone	Pipeline Delivery Zone

5 Compression Zone definitions

Where used in a Product Specification for a Physical Capacity Product, the following terms refer to the Compression Zone of that name identified in the Transportation Service Point Register.

Compression Service Facility	Compression Zone Name	Zone type
		Compression Receipt Zone

Wallumbilla Compression Facility		Compression Delivery Zone
Moomba Compression Facility		Compression Receipt Zone
		Compression Delivery Zone
Ballera Compression Facility		Compression Receipt Zone
		Compression Delivery Zone
Iona Compression Facility		Compression Receipt Zone
		Compression Delivery Zone

4 Transportation Service Facilities providing Park Services

Transportation Facility	Park Service Points
RBP	
SWQP	
MSP	
MAPS	
SEAGas	
TGP	
EGP	

Schedule 35: Product Specifications for Daily Forward Haul
1 Daily Forward Haul – Wallumbilla Zone to Brisbane STTM Zone

Product Specification for Daily Forward Haul from the Wallumbilla Zone to Brisbane STTM Zone	
Commodity	Forward Haul Service Capacity
Transportation Facility	RBP
Pipeline Receipt Zone	Wallumbilla Zone
Pipeline Delivery Zone	Brisbane STTM Zone
First Trading Date	1 March 2019
Gas Day commencement	6:00am AEST
Service Term (and Delivery Period)	One Gas Day
Trading Window	For Gas Day D, Trading Hours on each of Gas Day D-7 to Gas Day D-2. For a Pre-matched Trade, the Trading Window for Gas Day D are Trading Hours on each of Gas Day D-30 to Gas Day D-2.
Parcel Size	500 GJ
Price	The price is to be expressed in dollars per GJ of Capacity
Product Limits	Minimum Price: \$0/GJ Maximum Price \$999/GJ Maximum Quantity 50,000 GJ (50 TJ)
Unit	GJ
Admission to trade	Automatic
Partial acceptance of Orders	Permitted if specified in the Order
Minimum Transaction Quantity	500 GJ unless a larger number is specified in the Order
Expiry Time	Unless an earlier time is specified in the Order, an Order for Gas Day D expires at the end of the Trading Window
Automatic withdrawal	Applicable to open Orders at the end of each trading day after 5:00pm
Order Quantity to be displayed	The whole of the Order Quantity will be displayed unless otherwise specified in the Order

Delivery Netting	Applicable
Pre-matched Trades	Permitted
Special conditions	<p>(a) Each Trading Participant who submits an Order in relation to this Product represents and warrants for the purposes of this agreement that the Trading Participant has all necessary rights under an agreement with the Transportation Service Provider to deliver (in the case of the Seller) or accept (in the case of the Buyer) the Commodity.</p> <p>(b) Each Trading Participant who submits an Order in relation to this Product as Seller represents and warrants for the purposes of this agreement that the Trading Participant has Capacity specified in the Order available to Transfer, in a quantity at least equal to the Order Quantity and for the whole of the Service Term in the Order.</p> <p>(c) A Trading Participant who submits an Order in relation to this Product as Buyer acknowledges and agrees that its use of this Product is subject to the terms and conditions of the Buyer's Nominated Transportation Agreement, including terms relating to gas quality, gas pressure and maximum hourly quantity.</p>

2 Daily Forward Haul – all other paths

Product Specification for all other Daily Forward Haul Products	
Transportation Facility, Pipeline Receipt Zone and Pipeline Delivery Zone	As specified in the following product details table.
All other terms	Except for the Transportation Facility, Pipeline Receipt Zone and Pipeline Delivery Zone, the Product Specification for Daily Forward Haul for all other paths is the same as the Product Specification for Daily Forward Haul - Wallumbilla Zone to Brisbane Zone in item 1 of this schedule.

Product details table

Item	Transportation Facility	Daily Forward Haul Product Path	Pipeline Receipt Zone	Pipeline Delivery Zone
2	RBP	Darling Downs to Wallumbilla	Darling Downs Zone	Wallumbilla LPTP Zone

3	QGP	Wallumbilla to Gladstone	Wallumbilla HPTP Zone	Gladstone Zone
4	SWQP	Wallumbilla to Moomba	SWQP Wallumbilla HPTP Zone	SWQP Moomba Zone
5	SWQP	Moomba to Wallumbilla	SWQP Moomba Zone	SWQP Wallumbilla LPTP Zone
6	CGP	Ballera to Mt Isa	Ballera Zone	Mt Isa Zone
7	MSP	Moomba to Sydney	Moomba MSP Zone	Sydney Wilton Zone
8	MSP	Moomba to Culcairn	Moomba MSP Zone	Culcairn South Zone
9	MSP	Culcairn to Moomba	Culcairn North Zone	Moomba MCF Zone
10	MSP	Culcairn to Sydney	Culcairn North Zone	Sydney Wilton Zone
11	EGP	Longford to Sydney	Longford EGP Zone	Sydney Wilton Zone
12	MAPS	Moomba to Adelaide	MAPS Moomba Zone	Adelaide Mainline Zone
13	MAPS	Adelaide to Moomba	Adelaide Mainline Zone	MAPS Moomba Zone
14	SEAGas	[Brumby] to Adelaide	Brumby Zone	Adelaide STTM Zone
15	TGP	Longford to [Hobart?]	Longford TGP Zone	Hobart Zone
16	DTS Transfer	Longford to DTS	Longford DTS Zone	DTS Entry Zone

Schedule 36: Product Specifications for Daily Park

1 Park Service on the RBP

Product Specification for Daily Park Service on the RBP	
Commodity	Park Service Capacity
Transportation Facility	RBP
Receipt Point	Not applicable. Receipt Point capacity on the Transportation Facility at the Park Service Point must be separately purchased.
Delivery Point	Not applicable. Delivery Point capacity on the Transportation Facility at the Park Service Point must be separately purchased.
Park Service Point	
First Trading Date	1 March 2019
Gas Day commencement	6:00am AEST
Service Term (and Delivery Period)	One Gas Day
Trading Window	For Gas Day D, Trading Hours on each of Gas Day D-7 to Gas Day D-2 For a Pre-matched Trade, the Trading Window for Gas Day D are Trading Hours on each of Gas Day D-30 to Gas Day D-2
Parcel Size	500 GJ
Price	The price is to be expressed in dollars per GJ of capacity
Product Limits	Minimum Price: \$0/GJ Maximum Price \$999/GJ Maximum Quantity 50,000 GJ (50 TJ)
Unit	GJ
Admission to trade	Automatic
Partial acceptance of Orders	Permitted if specified in the Order
Minimum Transaction Quantity	500 GJ unless a larger number is specified in the Order
Expiry Time	Unless an earlier time is specified in the Order, an Order for Gas Day D expires at the end of the Trading Window
Automatic withdrawal	Applicable to open Orders at the end of each trading day after 5:00pm

Order Quantity to be displayed	The whole of the Order Quantity will be displayed unless otherwise specified in the Order
Delivery Netting	Applicable
Pre-matched Trades	Permitted
Special conditions	<p>(a) Each Trading Participant who submits an Order in relation to this Product represents and warrants for the purposes of this agreement that the Trading Participant has all necessary rights under an agreement with the Transportation Service Provider to deliver (in the case of the Seller) or accept (in the case of the Buyer) the Commodity.</p> <p>(b) Each Trading Participant who submits an Order in relation to this Product as Seller represents and warrants for the purposes of this agreement that the Trading Participant has Capacity specified in the Order available to Transfer, in a quantity at least equal to the Order Quantity and for the whole of the Service Term in the Order.</p> <p>(c) A Trading Participant who submits an Order in relation to this Product as Buyer acknowledges and agrees that its use of this Product is subject to the terms and conditions of the Buyer's Nominated Transportation Agreement, including terms relating to gas quality, gas pressure and maximum hourly quantity.</p>

Daily Park – all other Transportation Service Facilities

Product Specification for all other Daily Park products	
Transportation Facility	As specified in the following product details table.
All other terms	Except for the Transportation Facility, the Product Specification for the Daily Park for all other Transportation Service Facilities is the same as the Product Specification for Daily Park Service on the RBP in item 1 of this schedule.

Product details table

Item	Transportation Facility
2	SWQP
3	MSP
4	MAPS

5	TGP
6	EGP

Schedule 37: Product Specifications for Daily Compression Services

1 Daily Compression Service at Wallumbilla

Product Specification for Daily Compression Service (Wallumbilla)	
Commodity	Compression Service Capacity
Compression Service Facility	Wallumbilla Compression Facility
Compression Receipt Zone	[TBC]
Compression Delivery Zone	[TBC]
First Trading Date	1 March 2019
Gas Day commencement	6:00am AEST
Service Term (and Delivery Period)	One Gas Day
Trading Window	For Gas Day D, Trading Hours on each of Gas Day D-7 to Gas Day D-2. For a Pre-matched Trade, the Trading Window for Gas Day D are Trading Hours on each of Gas Day D-30 to Gas Day D-2.
Parcel Size	500 GJ
Price	The price is to be expressed in dollars per GJ of capacity
Product Limits	Minimum Price: \$0/GJ Maximum Price \$999/GJ Maximum Quantity 2,500 GJ (2.5 TJ)
Unit	GJ
Admission to trade	Automatic
Partial acceptance of Orders	Permitted if specified in the Order
Minimum Transaction Quantity	500 GJ unless a larger number is specified in the Order
Expiry Time	Unless an earlier time is specified in the Order, an Order for Gas Day D expires at the end of the Trading Window
Automatic withdrawal	Applicable to open Orders at the end of each trading day after 5:00pm
Order Quantity to be displayed	The whole of the Order Quantity will be displayed unless otherwise specified in the Order

Delivery Netting	Applicable
Pre-matched Trades	Permitted
Special conditions	<p>(a) Each Trading Participant who submits an Order in relation to this Product represents and warrants for the purposes of this agreement that the Trading Participant has all necessary rights under an agreement with the Transportation Service Provider to deliver (in the case of the Seller) or accept (in the case of the Buyer) the Commodity.</p> <p>(b) Each Trading Participant who submits an Order in relation to this Product as Seller represents and warrants for the purposes of this agreement that the Trading Participant has Capacity specified in the Order available to Transfer, in a quantity at least equal to the Order Quantity and for the whole of the Service Term in the Order.</p> <p>(c) A Trading Participant who submits an Order in relation to this Product as Buyer acknowledges and agrees that its use of this Product is subject to the terms and conditions of the Buyer's Nominated Transportation Agreement, including terms relating to gas quality, gas pressure and maximum hourly quantity.</p>

Daily Compression Service – all other Compression Service Facilities

Product Specification for all other Daily Compression Service products	
Compression Service Facility	As specified in the following product details table.
All other terms	Except for the Compression Service Facility, Compression Receipt Zone and Compression Delivery Zone, the Product Specification for the Daily Compression Service for all other Compression Service Facilities is the same as the Product Specification for Daily Compression Service on the Wallumbilla Compression Facility in item 1 of this schedule.

Product details table

Item	Compression Service Facility	Compression Receipt Zone	Compression Delivery Zone
2	Moomba Compression Facility	[TBC]	[TBC]

3	Ballera Compression Facility	[TBC]	[TBC]
4	Iona Compression Facility	[TBC]	[TBC]