



# Wholesale Market Capacity Certificates Auction and Transfer Procedures

**Prepared by:** AEMO Markets

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**Approved by:** V. Mouchaileh

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**Title:** Executive General Manager, Reform Delivery

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Australian Energy Market Operator Ltd ABN 94 072 010 327

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## Current version release details

Version	Effective date	Summary of changes
1.1	1 January 2023	Minor editorial update to: <ul style="list-style-type: none"> <li>Section 3.2 to clarify the process to setup authorised users.</li> <li>Section 6.2 to clarify a DWGM SWN is sent under the Wholesale Market Electronic Communication procedures.</li> <li>Section 9.9 to clarify that GST is applicable in invoices to successful Capacity Certificate Auction bidders.</li> </ul>

**Note: There is a full version history at the end of this document.**

# 1. Introduction

## 1.1. Purpose and scope

These are the *capacity certificates auction procedures* made under clause 328D of the National Gas Rules (**NGR**) and the *capacity certificates transfer procedures* made under clause 331(2) of the NGR.

References to these **Procedures** in this document refers to both the capacity certificates auction procedures and the capacity certificates transfer procedures.

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.

Unless expressly stated otherwise in the Procedure, the version of the Procedure that applies to a *gas day* is the version of the Procedure that was in effect at the start of the *gas day*.

## 1.2. Legal framework

These Procedures may only be amended in accordance with Part 15B of the NGR.

The *capacity certificates auction procedures* apply to AEMO and each *auction participant*.

The *capacity certificates transfer procedures* apply to AEMO, Market Participants, and the *declared transmission system service provider*.

## 1.3. Definitions and interpretation

### 1.3.1. Glossary

Terms defined in the National Gas Law and the NGR have the same meanings in these Procedures unless otherwise specified in this clause.

Terms defined in the NGR are intended to be identified in these Procedures by italicising them, but failure to italicise a defined term does not affect its meaning.

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

Term	Definition
Auction Notice	The notice of a capacity certificates auction published by AEMO under clause 6.2.
Auction Platform	The system established by AEMO for the capacity certificates auction.
Auction Solver	The program used to determine the results of the capacity certificates auction in accordance with the auction design principles in the NGR
Auction statement	A statement issue to Market Participants as set out in 9.8
CC Allocated Capacity	The total of capacity certificates that are to be allocated by AEMO as directed by the declared transmission system service provider in accordance with rule 329D (but remain unallocated to Market Participants as at the date of the Auction Notice for the capacity certificates auction for which the CC Allocated Capacity is being determined); PLUS

Term	Definition
	capacity certificates allocated to Market Participants as at the date of the Auction Notice for the capacity certificates auction for which the CC Auction Capacity is being determined (but excluding capacity certificates that have reverted to AEMO pursuant to rule 332(1) for reallocation as at the date of the Auction Notice for the capacity certificates auction for which the CC Allocated Capacity is being determined).
Capacity Certificates listing platform	The system established by AEMO for listing capacity certificates in accordance with rule 330.
Capacity Certificates transfer system.	The system established by AEMO for the bilateral transfer of capacity certificates under rule 331.
Common Model	A modelled representation of the <i>declared transmission system</i> agreed between AEMO and the DTS SP under the <i>service envelope agreement</i> as may be updated from time to time to reflect changes to the DTS
Declared distribution system	A declared distribution system designated under the National Gas (Victoria) Act 2008.
Declared host Retailer	In respect of a declared distribution system, the declared host Retailer designated under the National Gas (Victoria) Act 2008.
DTS	The <i>declared transmission system</i>
DTS SP	The <i>declared transmission system service provider</i>
Good Gas Industry Practice	The practices, methods and acts that would reasonably be expected from experienced and competent persons engaged in a business of providing natural gas services in Australia, acting with all due skill, diligence, prudence and foresight and in compliance with all applicable legislation, authorisations and industry codes of practice
CC Modelled Capacity	The capacity of each capacity certificate zone of the declared transmission system modelled by AEMO pursuant to rule 328 (as amended from time to time).
RoLR gas day	The gas day nominated by AEMO in a suspension notice issued to a Retailer.

### 1.3.2. 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.

## Part A capacity certificates auction procedures

### 2. Participation

- (a) A *Market Participant* is not required to be a party to a *capacity certificates auction* participation agreement with *AEMO* to be an *eligible person*.
- (b) By participating in a *capacity certificates auction*, an *auction participant* is taken to participate in its own right and not as an agent.

### 3. Administration

#### 3.1. Contacts

- (a) An *auction participant* must nominate up to three capacity certificates contacts. The role of a capacity certificates contact is to communicate with *AEMO* on behalf of the *auction participant* about the matters under these *capacity certificates auction procedures*.
- (b) Nominations of capacity certificates contacts must be made in the same manner as *Registered participants* notify *AEMO* of registered contacts in accordance with the *electronic communication procedures* and contain the information specified by *AEMO* for this purpose from time to time.
- (c) If no nomination is made under clause (a), the principal organisational contact will be taken to have been nominated in the role.
- (d) By nominating its capacity certificates contacts, an *auction participant* warrants in favour of *AEMO* that its contacts nominated under this clause are authorised to act on behalf of the *auction participant* and that each of the *auction participant's* representatives has consented to the use and disclosure of the contact's personal information for the purposes contemplated under these Procedures.
- (e) An *auction participant* must notify changes to its capacity certificates contacts where practicable before the change occurs and otherwise as soon as practicable after the change occurs, using the form published by *AEMO* for that purpose, signed by an authorised signatory of the *auction participant*.

#### 3.2. Authorised users

- (a) An *auction participant* must register persons authorised to submit information on its behalf using the Auction Platform, as its authorised users.
- (b) Authorised users must be registered by the *auction participant's* Participant Administrator through *AEMO's* MSATs portal.<sup>1</sup>

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<sup>1</sup> For further details see [www.aemo.com.au](http://www.aemo.com.au) / [Access Market Portal Help / Need to Know / User Rights access](#)

- (c) By nominating its authorised users, an *auction participant* warrants in favour of AEMO that its authorised users registered under this clause are authorised to act on behalf of the *auction participant* and that each of the *auction participant's* authorised users has consented to the use and disclosure of the authorised user's personal information for the purposes contemplated under these Procedures.
- (d) An *auction participant* must ensure that its authorised users comply with the terms of use for the Auction Platform in Appendix A.

## 4. Auction Platform

### 4.1. Access and use of the Auction Platform

- (a) The Auction Platform must be used for participation in the *capacity certificates auction*
- (b) Subject to these *capacity certificates auction procedures*, AEMO will give an *auction participant* access to the Auction Platform to the extent required for the purpose of participating in the *capacity certificates auction*.
- (c) A person may access the Auction Platform if they:
  - (i) are an *eligible person*;
  - (ii) have registered an authorised user in accordance with clause 3.2; and
  - (iii) have a working, secure interface with the Auction Platform;
- (d) The person's right of access to and use of the Auction Platform terminates when the person's registration as a *Market Participant* is revoked.

### 4.2. Auction interface

Procedures and minimum requirements for:

- (a) establishing and maintaining an interface between the systems of the *auction participant* and the Auction Platform for the purposes of participation in the Auction Platform;
- (b) establishing authorised user identities within the Auction Platform; and
- (c) providing processes and guides for the use of the Auction Platform and communications, will be specified in the *electronic communications procedures* and the Technical Documents as referred to in the *electronic communications procedures*.

### 4.3. Auction Platform operations

#### 4.3.1. Auction Platform security

- (a) AEMO must use commercially reasonable efforts to implement and maintain security systems and procedures designed to prevent unauthorised access to the Auction Platform in accordance with Good Gas Industry Practice.
- (b) An *auction participant* must use commercially reasonable efforts to:

- (i) maintain the security of its interface with the Auction Platform;
- (ii) ensure that its software and hardware that interfaces with the Auction Platform is free from any computer viruses; and
- (iii) ensure that no computer virus or malicious software is introduced on to any other person's software or hardware as a consequence of the *auction participant's* use of the Auction Platform.

#### 4.3.2. Auction Platform communication failures

- (a) Each *auction participant* acknowledges that interruption or malfunction of communications including any third party telephone network fixed line service or malfunction of the *auction participant's* systems or equipment or the Auction Platform may result in the *auction participant's* bids not being received or the auction participant not receiving information or access to the Auction Platform.
- (b) Each *auction participant* is responsible for taking reasonable and prudent steps to mitigate the risk of communication failures in relation to its own participation in the *capacity certificates auction* in accordance with its own business requirements.
- (c) If there is a communication failure, AEMO has no obligation to take account of or act on any bid or other communication from any *auction participant* provided by any other means.

#### 4.3.3. Auction Platform maintenance

- (a) AEMO may suspend the operation of the Auction Platform to undertake maintenance and upgrading at any time.
- (b) AEMO must use its reasonable endeavours to conduct maintenance and upgrading of the Auction Platform at times when in its reasonable opinion the impact on the *capacity certificates auction* will be minimised.
- (c) AEMO must give *auction participants* as much notice as reasonably practicable of any period during which the Auction Platform will be unavailable as a result of any maintenance or upgrade.

#### 4.3.4. Capacity Certificates Auction Records

- (a) The Auction Platform will create a record of bids, auction results and settlement (**Capacity Certificates Auction Records**).
- (b) AEMO must maintain the Capacity Certificates Auction Records for a period of seven years after the record was created.
- (c) The *auction participant* may (at its cost) request copies of Capacity Certificates Auction Records that record the relevant activity of the *auction participant*. AEMO will use reasonable endeavours to provide the information requested if the information is available, subject to:
  - (i) payment of AEMO's reasonable cost of retrieving and providing copies of the information; and



- (ii) agreement on any other terms reasonably requested by AEMO, including as to confidentiality of the information.

## 5. Auction products

### 5.1. Auction products

For *capacity certificates auctions*, *auction products* will be specified by reference to the *capacity certificate type* and calendar month and year.

For example:

*Longford-Entry-June-2023* specifies an *auction product* for an *entry capacity certificate* for the Longford Entry *capacity certificate zone* for June 2023.

## 6. Auction frequency and timing

### 6.1. Frequency

- (a) *Capacity certificates auctions* will be conducted at 6-month intervals.
- (b) Each *capacity certificates auction* will be in respect of a rolling forward period of 36 consecutive months.
- (c) Each rolling forward period will cover *auction products* for each month in the rolling forward period.
- (d) Each *capacity certificates auction* will be held during the second calendar month in advance of the first month of the rolling forward period for that *capacity certificates auction*.

### 6.2. Notifications

- (a) Subject to clause 6.3, AEMO will *publish* the Auction Notice for a *capacity certificates auction* at least 20 business days prior to that *capacity certificates auction*.
- (b) Each notice under subclause (a) must contain:
  - (i) the date and time of the *capacity certificates auction*;
  - (ii) the cut-off time for bids for that *capacity certificates auction*;
  - (iii) the *auction products* available at that *capacity certificates auction*; and
  - (iv) the *capacity certificates* for each *auction product* available at that *capacity certificates auction*.
- (c) Each notice under subclause (a) may contain:
  - (i) Information about any maintenance events that AEMO is aware of and in AEMO's opinion may affect the availability of capacity at *capacity certificate zones* during the following forward period for that *capacity certificates auction*.

- (ii) Information about proposed project developments that AEMO is aware of and that in AEMO's opinion may affect the capacity or availability of capacity at a *capacity certificates zone* during the rolling forward period for that *capacity certificates auction*.
- (d) AEMO makes no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information provided under clause 6.2(c).
- (e) AEMO must *publish* a DWGM System Wide Notice with details of each *capacity certificates auction*.<sup>2</sup>

### 6.3. Suspension and delay

- (a) AEMO may delay or suspend a *capacity certificates auction* if, in AEMO's opinion the Auction Platform is unable to facilitate the *capacity certificates auction* for any reason.
- (b) AEMO must as soon as practicable *publish* a notice if AEMO delays or suspends a *capacity certificates auction*.
- (c) If AEMO delays or suspends a *capacity certificates auction* under clause 6.3(a), AEMO will *publish* a notice at least 5 business days' before the replacement *capacity certificates auction* will be held.
- (d) AEMO may amend any information provided under 6.2 (b) for the *capacity certificates auction* in the notice published under 6.3(c).

## 7. System Capability modelling requirements

- (a) By 31 March each year, AEMO is required under Rule 328 to conduct *system capability modelling* of the *declared transmission system* for the purpose of informing AEMO's determination of the amount of *capacity certificates* available for allocation.
- (b) The *system capability modelling* must measure the capacity of the pipelines in the *declared transmission system* that is available for allocation of *capacity certificates* for each month in forthcoming *capacity certificates auctions*.

### 7.1. Modelling approach

- (a) The *system capability modelling* is performed using modelling software to achieve an accurate representation of the DTS.
- (b) In conjunction with DTS SP, AEMO creates and maintains the Declared Transmission System (DTS) models ('Common Models') representing the current system configuration.
- (c) The Common Model is updated whenever there are committed physical configuration changes to the DTS, changes to operating parameters, new/modified connections to the DTS and amendments to the Service Envelope Agreement (SEA). Any revision to the Common Model is approved by both AEMO and DTS SP, and the Common Model forms the base for all simulations for any period once approved.

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<sup>2</sup> A System Wide Notices (SWN) must be sent in accordance with AEMO's *Electronic Communication Procedure*.

- (d) When performing system capability modelling for the modelling outlook, AEMO must take into account:
  - (i) Committed augmentations and upgrades to the transmission system.
  - (ii) New connections.
  - (iii) Planned changes at injection points and storage facilities.
  - (iv) Known operational constraints.
  - (v) Minimum and maximum pressures at all *system points*.

## 7.2. Modelling information

- (a) Under NGR328(5), when performing the *system capability modelling*, AEMO must take into account the information provided by *Registered Participants* under rules 324(1), (2), (3) and (4).
- (b) *Registered participants* are required to submit data by 30 September each year with the outlook period commencing 1 January the following year for the following timeframes:
  - (i) Each year for the 5 years
  - (ii) Each month for the 12 months (where practicable)
- (c) A post-winter review of *system capability modelling* assumptions and models will be conducted in September before the next *capacity certificates auction*.

## 7.3. Capacity available for allocation of capacity certificates

- (a) Under NGR328(3)(b), the *system capability modelling* must measure the capacity of the *declared transmission system* that is available for allocation of *capacity certificates* in forthcoming *capacity certificates auctions* by testing for the maximum capacity that is:
  - (i) deliverable across all *system injection points* and *system withdrawal points*; and
  - (ii) feasible when tested against the planning criteria used by AEMO for the purpose of 323(3)(b).
- (b) The planning criteria used by AEMO for the purpose of NGR 323(3)(b) is a 1-in-20 peak day system forecast. The *capacity certificates* available for allocation will be determined from:
  - (i) *system capability modelling* (pipeline capacity); or
  - (ii) *system point* capacity of connected facilities.
- (c) The *capacity certificates* for a *capacity certificates zone* available for allocation will be the lower of either the:
  - (i) maximum pipeline capacity; or
  - (ii) maximum facility or *system point/s* deliverable capacity.
- (d) The *system capability modelling* will model the maximum pipeline capacity based on assumptions used in the Victorian Gas Planning Report (VGPR). The assumptions upon which the *system capability modelling* is based on will be *published* as soon as reasonably practicable after the completion of the *system capability modelling*.
- (e) Abnormal operation conditions on the day may mean that modelled maximum capacities are not achievable.

## 7.4. Future developments

### 7.4.1. Future developments

- (a) This section describes any future developments which could increase system capability in the DTS. This includes storage, pipeline augmentations, new system points and/or plant expansions.
- (b) Under NGR328(4)(b)(ii), AEMO must take into account “committed projects for new or additional gas production facilities or extension or expansions of a declared transmission system or a distribution pipeline” when performing the *system capability modelling*.
- (c) The future developments will be incorporated into the Common Model and the *system capability modelling* will use the amended Common Model to assess the possible extent of the impact of the future developments to the declared transmission system.
- (d) Any information considered for *system capability modelling* must be based on information submitted by *Registered participants* and/or the *declared transmission service provider* and publicly available information on projects.

## 7.5. Maintenance

### 7.5.1. Planned Maintenance

Planned maintenance provided by *DWGM facility operators*<sup>3</sup> under NGR 324(4) will not be used in the *system capability modelling*. The planned maintenance information provided by Registered Participants by 30 September each year may be rescheduled to other times to meet resourcing requirements and other factors including weather.

### 7.5.2. Unplanned Maintenance

Unplanned maintenance will not be used in the *system capability modelling*. Unplanned maintenance is maintenance which has not been forecast or scheduled. This includes the following:

- (a) Maintenance that constrains or has the potential to constrain gas injections;
- (b) Breakdowns; and
- (c) Maintenance that is typically carried out to avert immediate safety or environmental hazards or to correct failures that cause a loss of system availability, reliability or spare capacity.

## 7.6. Capacity Certificate Zones Consultation Process

Under Rule NGR327B(1), AEMO must determine and may amend the allocation of *system injection points* or *system withdrawal points* (as the case may be) in the *declared transmission system to capacity certificates zones*. Before making or amending a determination under this subrule, AEMO must consult in accordance with the process below.

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<sup>3</sup> Part of new proposed maintenance rule coming into effect 22 April 2021. Final rule published 17 December 2020

### 7.6.1. Standard capacity certificate zone consultation process

- (a) Unless the expedited process in clause 2.6.2 applies, AEMO must follow the process set out in this clause 2.6.1 before making or amending a determination of the allocation of *system injection points* or *system withdrawal points* (as the case may be) in the *declared transmission system* to *capacity certificate zones*.
- (b) AEMO may make or amend a determination on its own initiative at any time, and AEMO must review a determination following a new or updated *connection* request or modification of a *connection* as per the *connection approval procedures* or if there is a change that AEMO reasonably considers could affect the allocation of *system points* to *capacity certificate zones*.
- (c) AEMO will model the impact and make a draft determination of the *capacity certificates zones*, including:
  - (i) supporting *system capability modelling* information (if applicable)
  - (ii) impacts on existing zonal capacities (if any)
  - (iii) proposals for distributing existing *capacity certificates* where *capacity certificates zones* will change
  - (iv) a transition plan for implementing the zone change and including the updated *capacity certificates zones* in forthcoming *capacity certificates auctions*.
- (d) AEMO must *publish* the draft determination and invite written submissions from registered participants and interested persons on the draft determination on or before the date specified by AEMO (which must be at least 20 business days after the draft determination is *published*)
- (e) In making a determination under this section, AEMO must take into account all relevant and material comments that it receives by the closing date for submission and may take into account any comments it receives after that date.
- (f) If AEMO considers it appropriate having regard to issues raised in submissions, it may undertake further consultation, and the notice and minimum time period in clause 2.6.1(D) apply to that further consultation.
- (g) AEMO must *publish* a final determination no later than 30 business days after the closing date for submissions.
- (h) AEMO may by *publishing* a notice, extend a time limit specified by these provisions if:
  - (i) AEMO considers that the relevant determination raises questions of such complexity or difficulty that an extension of the time limit is justified; or
  - (ii) a material change of circumstances occurs justifying the extension of the time limit, and the notice must state the reasons for the extension.
- (i) The final decision will take effect from the *gas day* specified in the final decision, which must be no earlier than 15 business days after the final decision is *published*.

### 7.6.2. Expedited capacity certificate zone consultation process

- (a) AEMO may make or amend a determination of the allocation of system injection points or system withdrawal points (as the case may be) in the declared transmission system to *capacity certificate zones* in accordance with this expedited process in where AEMO reasonably considers the circumstances in rule 327B(7) apply and the circumstances must be resolved in a short timeframe, or where the matter is of a minor or administrative nature.
- (b) If AEMO considers that the expedited process should apply, AEMO must *publish* a notice setting out the reasons and the expedited process and the revised timetable for the consultation including the date by which written submissions are to be received (which must be at least 5 business days after the notice is *published*).
- (c) After the closing date for submissions, AEMO must *publish* a notice of the determination including the date on which the determination will take effect which must be a reasonable period of time after the date on which the determination is *published*.

### 7.6.3. Capacity certificate zone proposals

- (a) Registered Participants may submit a proposal for a new *capacity certificate zone* or amendment to an existing *capacity certificate zone* to AEMO in writing. The proposal:
  - (i) Must include the name and address of the proponent;
  - (ii) Must include a statement of reason why the proposed *capacity certificate zone* change is:
    - (A) Necessary or desirable; and
    - (B) Consistent with the *national gas objective*; and
    - (C) Compatible with the proper performance of AEMO's *declared system functions*; and
    - (D) Technically, operationally and economically feasible to implement.
  - (iii) Must include a draft of the proposed *capacity certificate zone* changes; and
  - (iv) May include any other information the proponent considers relevant.
- (b) Unless AEMO rejects a proposal, AEMO must consult on the proposal in accordance with the process in section 2.6 within a reasonable time after receiving the proposal subject receipt on further information from the proponent as reasonably requested by AEMO and such period as reasonably required by AEMO to complete modelling on the proposal
- (c) AEMO is not obliged to consider and may reject a proposal submitted under clause 2.6.3(A) without consultation by giving written notice to the proponent in any of the following circumstances:
  - (i) in AEMO's reasonable opinion, the proposal is misconceived, lacking in substance, frivolous or vexatious; or
  - (ii) in AEMO's reasonable opinion, the proposal is for a change proposed but rejected in the previous 12 months.

- (d) AEMO must publish all proposals received which are not rejected under paragraph (c), but must omit the reasons for the proposal to the extent that they are stated to be confidential.

## 8. Auction quantities

### 8.1. Capacity release schedule

- (a) Each *auction product* will be auctioned in six (6) tranches.
- (b) Each tranche will be auctioned in a separate *capacity certificates auction* over the rolling forward period.
- (c) The *auction quantity* for each tranche for an *auction product* will be a percentage of the CC Modelled Capacity for that *auction product* as set out in Table 1 less the CC Allocated Capacity as at the date of the Auction Notice or the date of the notice of replacement *capacity certificates auction* (as applicable):

**Table 1 Auction quantity per tranche**

Tranche #	Tranche size (The tranche sizes are cumulative and each tranche is based on the most recent determination under rule 328A(3) of the CC Modelled Capacity at the time the tranche is auctioned)	Capacity certificates auction in the rolling forward period
1	15% of the CC Modelled Capacity for the <i>auction product</i>	1 <sup>st</sup> <i>capacity certificates auction</i>
2	30% of the CC Modelled Capacity for the <i>auction product</i>	2 <sup>nd</sup> <i>capacity certificates auction</i>
3	45% of the CC Modelled Capacity for the <i>auction product</i>	3 <sup>rd</sup> <i>capacity certificates auction</i>
4	60% of the CC Modelled Capacity for the <i>auction product</i>	4 <sup>th</sup> <i>capacity certificates auction</i>
5	80% of the CC Modelled Capacity for the <i>auction product</i>	5 <sup>th</sup> <i>capacity certificates auction</i>
6	100% of the CC Modelled Capacity for the <i>auction product</i>	6 <sup>th</sup> <i>capacity certificates auction</i>

## 9. Conduct of the capacity auction

### 9.1. Eligibility to bid

An *auction participant* is eligible to bid in respect of a *capacity certificates auction* if AEMO has not issued a suspension notice to the *auction participant* under Part 19 of the NGR that suspends participation in *capacity certificates auctions* at the time the bid is to be made.

### 9.2. Bidding period

The bidding period for each capacity certificates auctions will commence at the time the notice of the capacity certificates auction published under clause 6.2(a) is published and ends at 5.00 pm on the calendar day immediately before the day of the capacity certificates auction or the cut-off time specified in the notice published under clause 6.2(a).

### 9.3. Form of bids

- (a) Each bid must be in the form specified in the electronic communications procedures and must specify:
  - (i) the combination of one or more *auction products* being bid for in that bid;
  - (ii) the bid price applicable to the bid;
  - (iii) the bid quantities applicable to the bid, expressed as a whole number of GJ per gas day;
  - (iv) any other information required by the Auction Platform.
- (b) An *auction participant* may submit separate bids for different combinations of *auction products*.
- (c) In the Auction Platform, each separate bid is submitted on the same form and if any one of those bids is amended, all bids in the form are overridden by the new form when submitted.
- (d) For each bid:
  - (i) the bid price must be in \$/GJ and must be expressed to up to four decimal places;
  - (ii) the bid price must be \$0.0001/GJ or higher;
  - (iii) the bid price must not be more than \$100/GJ; and
  - (iv) the bid quantity must be at least 1 GJ and must be expressed as a whole number of GJ.
- (e) If an *auction participant* wishes to bid different prices for different quantities in respect of the same combination of *auction products*, it may use a stepped bid. A stepped bid is a bid with two or more price and quantity combinations, each a bid step. Each bid step must be for a whole number of GJ. A maximum of 10 bid steps may be specified for each combination of Auction Products. The aggregate quantity for all bid steps must not exceed 1,000,000 GJ.
- (f) An *auction participant* is taken to have submitted a bid on receipt of data transmitted electronically by means of the Auction Platform which indicates that the *auction participant* has submitted a compliant bid.
- (g) AEMO is entitled to rely on all bids submitted by an *auction participant* through the Auction Platform.
- (h) The receipt by AEMO of a bid from an auction participant through the Auction Platform will be sufficient to verify that the *auction participant* originated the bid.

### 9.4. Validation and rejection

- (a) AEMO must validate each bid by means of the Auction Platform at the time of submission of the bid and at the time of running the *capacity certificates auction* and determining *capacity certificates auction* results.
- (b) The validation process will check whether there is any reason to reject the bid as provided for in these *capacity certificates auction procedures*.



- (c) AEMO must notify the *auction participant* when the bid has been validated.
- (d) Subject to subclause 9.4(e), AEMO must reject a bid where:
  - (i) the person that submitted the bid is not an *eligible person*;
  - (ii) the bid does not contain all the information required for a valid bid;
  - (iii) if AEMO has issued a suspension notice to the *auction participant* under Part 19 of the NGR;
  - (iv) the bid is submitted after the bidding deadline for the *capacity certificates auction*.
- (e) AEMO may reject any bid as a consequence of the operation of security arrangements employed by AEMO for the protection of the Auction Platform including any virus detection software employed by AEMO.
- (f) An *auction participant* will be notified by means of the Auction Platform as soon as reasonably practicable where its bid has been rejected.

## 9.5. Determination of auction results

- (a) Using the Auction Platform, AEMO will run the Auction Solver for each *capacity certificates auction*.
- (b) The Auction Solver will allocate capacity certificates in the capacity certificates auction as follows:
  - (i) all winning bids to be determined simultaneously and for an *auction participant* to win none, one or more of its bids;
  - (ii) the winning bids to be the combination of one or more bids that:
- (c) maximise the total *capacity certificates auction* revenues at bid prices; and
- (d) allocates to each winning auction participant the same quantity of *capacity certificates* for all auction products in the combination of *auction products* specified in its winning bid;
  - (i) the quantity of *capacity certificates* allocated to a particular winning bid to be any quantity between the bid quantity of the bid and zero;
  - (ii) if there is more than one combination of winning bids, AEMO to employ a method of random selection to determine the winning allocation; and
  - (iii) the lowest accepted bid for any particular *auction product* to be partially filled if necessary.
- (e) The Auction Platform must round Capacity Certificates allocated in the *capacity certificates auction* down to the nearest whole GJ. Capacity Certificates not allocated in the *capacity certificates auction*, including due to rounding, will not be included in auction settlement.

## 9.6. Auction results binding

- (a) The results of a *capacity certificates auction* notified by AEMO are final, binding and not subject to review.

- (b) No compensation is payable to any person for an erroneous auction result, whether arising from any error in the operation of the Auction Platform or the default (including negligence) of any person.

## 9.7. Publication of auction results

Following each *capacity certificates auction*, AEMO must publish the auction results as soon as reasonably practicable after the information becomes available to AEMO, including:

- (a) the clearing price of each *auction product*;
- (b) the quantities of each *auction product* successfully allocated to *auction participants*;
- (c) any unallocated quantities of each *auction product*;
- (d) each auction bid (excluding the name of the *auction participant* that submitted the bid) submitted to the *capacity certificates auction* including the bid price and auction bid quantity; and
- (e) any other information specified in the *electronic communication procedures*.

## 9.8. Settlement

No later than the first business day immediately after the *capacity certificates auction* AEMO will issue to each *auction participant* that submitted a bid in respect of that *capacity certificates auction* an auction statement in accordance with the *electronic communications procedures* setting out:

- (a) subject to payment in accordance with these capacity certificates auction procedures:
  - (i) the number of capacity certificates for each auction product that are to be allocated to the auction participant;
  - (ii) the purchase price per capacity certificate for each auction product that are to be allocated to the auction participant; and
  - (iii) the total purchase price for the capacity certificates to be allocated to the auction participant;
- (b) the auction fees payable for participation in that capacity certificates auction and the capacity certificates to be allocated to the auction participant;
- (c) the date on which payment is due; and
- (d) the time on the payment date at which payment is due.

## 9.9. Payment

- (a) Auction statements will include GST.
- (b) By 12.00 pm on the 5th business day after an auction statement is made available under clause 9.8 the auction participant must pay to AEMO in cleared funds the total amount stated to be payable to AEMO by that auction participant in its auction statement, whether or not the auction participant disputes the amount payable.

- (c) If an auction participant does not pay the total amount payable under an auction statement in accordance with clause 9.9, the capacity certificates referred to in the settlement statement will not be allocated to the auction participant and will automatically be made available for allocation by AEMO at subsequent capacity certificates auctions.

## 9.10. Settlement facilities

- (a) Subject to subclause 9.10(b), *auction participants* must use the electronic cash transfer system designated by AEMO for the payment of amounts under these *capacity certificates auction procedures*.
- (b) AEMO may make an electronic funds transfer facility available to *auction participants* for use if the designated electronic cash transfer system is not available for settlement.

## 9.11. Allocation

AEMO will allocate to an *auction participant* the *capacity certificates* for each *auction product* as specified in an auction statement as soon as practicable provided that:

- (a) the total amounts owing by the *auction participant* as set out in the auction statement are paid in full in accordance with these *capacity certificates auction procedures*; and
- (b) the auction participant is an eligible person at the time the capacity certificates are to be allocated.

## 9.12. Retailer of Last Resort

- (a) If the *RoLR process* is initiated in respect of a *Retailer* the *capacity certificates* that are held by that *Retailer* on the RoLR gas day will be automatically transferred to each declared host Retailer with effect from the RoLR gas day
- (b) Where there are multiple declared host Retailers, *capacity certificates* will be transferred in proportion of the number of *MIRNs* which are to be transferred to each declared host Retailer to the number of *MIRNs* for which the relevant *Retailer* was recorded as FRO on the *gas day* immediately before the RoLR gas day.
- (c) The *capacity certificates* transferred to the declared host Retailer pursuant to clause 9.11(a) will be *capacity certificates* for each month from and including the month in which of the RoLR gas day occurred until and including the month immediately prior to the start of the rolling forward period for which an Auction Notice has yet to be published as at the RoLR gas day.
- (d) Any *capacity certificates* held by the *Retailer* and not transferred to the relevant declared host Retailers in accordance with this clause 9.12 will be relinquished as required by NGR 332.

## 10. First and Transitional capacity certificates Auctions

### 10.1. First capacity certificates auction

By no later than 1 October 2022, AEMO will publish the notice for the first *capacity certificates auction*, setting out:

- (a) the date and time of the first *capacity certificates auction* (which will be prior to 31 December 2022);
- (b) the auction quantity for each capacity certificate type and each month covered by the first *capacity certificates auction*; and
- (c) any other information AEMO considers relevant or convenient to include in the notice.

### 10.2. Transitional Capacity Certificates Auction

- (a) Prior to the first *capacity certificates auction*, AEMO will conduct one or more transitional capacity certificates auctions to auction transitional auction quantities.
- (b) The last transitional capacity certificates auction prior to the first capacity certificates auction is the final transitional capacity certificates auction.
- (c) Transitional auction quantities are auction quantities that would have otherwise been allocated at a capacity certificates auction prior to the first *capacity certificates auction*.
- (d) A transitional *capacity certificates auction* will be for auction products from January 2023 to December 2025.
- (e) By no later than 1 July 2022, AEMO will *publish* a notice on the timing for the transitional *capacity certificates auctions*, setting out:
  - (i) the number of transitional *capacity certificates auctions* that will be conducted;
  - (ii) the date and time of the transitional *capacity certificates auctions* (which must be prior to the first *capacity certificates auction*);
- (f) AEMO must *publish* auction notices for transitional *capacity certificates auctions* in accordance with NGR 328B(8) setting out:
  - (i) the date and time of each transitional *capacity certificates auction* (which will be prior to 31 December 2022);
  - (ii) the auction quantity for each *capacity certificate type* and each month covered by a transitional *capacity certificates auction*; and
  - (iii) any other information AEMO considers relevant or convenient to include in the notice.
- (g) Each *auction product* in a transitional *capacity certificates auction* will be subject to the transitional capacity release schedule set out in table 2.
- (h) The transitional capacity release schedule will only apply for transitional *capacity certificate auctions* notified under 10.2 d.

- (i) Any *auction quantities* that remain unallocated after a transitional *capacity certificates auction*, that is not the final transitional *capacity certificates auction*, will be added to the tranche for the next transitional *capacity certificates auction* for that auction product.
- (j) Any auction quantities that remain unallocated after the final transitional *capacity certificates auction* will be allocated in the first *capacity certificates auction* per the capacity release schedule in table 1.
- (k) If there is more than one transitional *capacity certificates auction*, then the auction quantities determined per the transitional capacity release schedule in table 2 will be divided for each transitional *capacity certificates auction* into equally sized tranches, one tranche per transitional *capacity certificates auction*.

Note: for example if there are two transitional *capacity certificates auctions* there would be two tranches (one per auction) with 50% of the auction quantity determined under table 2 allocated to each tranche.

**Table 2 Transitional Capacity Release Schedule**

Auction Products (months)	Auction Quantity
January 2023 – June 2023	80% of the CC Modelled Capacity for the <i>auction product</i>
July 2023- December 2023	60% of the CC Modelled Capacity for the <i>auction product</i>
January 2024 – June 2024	45% of the CC Modelled Capacity for the <i>auction product</i>
July 2024 – December 2024	30% of the CC Modelled Capacity for the <i>auction product</i>
January 2025 – June 2025	15% of the CC Modelled Capacity for the <i>auction product</i>
July 2025 - December 2025	0% of the Modelled Capacity for the <i>auction product</i>

## Part B Transfer Procedures

### 11. Capacity certificates listing service

- (a) A notification under rule 330(1) and 330(2) must be made by submitting a capacity listing request via the Capacity Certificates listing platform and will be subject to reasonable validation parameters.
- (b) A capacity listing request must contain the following details:
  - (i) the month and year of the *capacity certificates*;
  - (ii) the *capacity certificate type*;
  - (iii) the *capacity certificates zone*;
  - (iv) whether the listing is for a sale or purchase;
  - (v) the name of the listing party;
  - (vi) the contact details of the listing party; and
  - (vii) the date the listing expires;
  - (viii) any other details reasonably determined by AEMO.
- (c) As soon as reasonably practicable after receipt of a valid capacity listing request, AEMO must post a corresponding capacity listing on the Capacity Certificates listing platform containing the information provided in the listing request.
- (d) AEMO must remove or close a capacity listing on any expiry date specified in the capacity listing request.
- (e) To avoid doubt, a capacity listing request on the Capacity Certificates listing platform is not an offer capable of acceptance by another person.

### 12. Bilateral transfer of *capacity certificates*

- (a) A Market Participant that is the current holder of a *capacity certificate* may transfer the whole or part of the certificated right, measured in GJ per gas day, in respect of the *auction product* for that *capacity certificate* to another Market Participant by submitting an application to transfer to AEMO via the Capacity Certificates transfer system containing the details specified in the *electronic communication procedures*.

For the avoidance of doubt, an *auction product* applies to a calendar month of *capacity certificates*.
- (b) The other Market Participant to the transfer must submit a confirmation of the transfer to AEMO via the Capacity Certificates transfer system no later than 11.59 pm on the day the application to transfer was submitted.
- (c) If the other Market Participant to the transfer does not submit a confirmation of the transfer to AEMO via the Capacity Certificates transfer system no later than 11.59 pm on the day the application to transfer was submitted, the application to transfer is automatically void.

- (d) The requirements for an eligible transfer of *capacity certificates* between parties are:
  - (i) the transferee and transferor must both be registered as Market Participants at the date of the application and the date of the transfer;
  - (ii) AEMO has not issued a suspension notice under Part 19 of the NGR to either the transferee or the transferor as at the date of the application and the date of the proposed transfer;
  - (iii) a complete application to transfer is received at least 3 business days before the first day of the month to which the *capacity certificates* relate; and
  - (iv) a confirmation of the transfer is received by AEMO via Capacity Certificates transfer system from the other Market Participant to the transfer no later than 11.59 pm on the day the application to transfer was submitted.
- (e) AEMO will notify the applicants as soon as reasonably practicable of acceptance or rejection of application to the transfer of the *capacity certificates*.
- (f) A transfer of capacity certificates is not complete until AEMO notifies the applicants of the acceptance of the application to transfer and if AEMO fails to notify the applicants of acceptance of a transfer by 1:00 am on the day after the application to transfer was submitted the application to transfer is automatically deemed to be rejected.

### 13. Allocation of capacity certificates at direction of declared transmission system service provider

- (a) Following a direction by the *Australian Energy Regulator* under NGR 329C, the *declared transmission system service provider* must notify AEMO and provide a copy of the direction.
- (b) AEMO is required to allocate *capacity certificates* at the direction of the *declared transmission system service provider* under NGR 329D.
- (c) The declared transmission system service provider must direct AEMO to make the allocation to a Market Participant in accordance with the *Electronic Communication Procedures*
- (d) The relevant *Market Participant* must confirm the request for allocation of *capacity certificates* by no later than 11.59 pm on the day the direction in section (c) was submitted in accordance with the *Electronic Communication Procedures*
- (e) If the relevant *Market Participant* has not confirmed the request for allocation by no later than 11.59 pm on the day the direction to allocate was submitted, the direction to allocate the *capacity certificate* is automatically void.
- (f) The requirements for an allocation of *capacity certificates* are:
  - (i) the recipient must be registered as a *Market Participant* at the date of the direction to allocate and the date the allocation is confirmed;
  - (ii) AEMO has not issued a *suspension notice* under Part 19 of the NGR to recipient as at the date of the direction to allocate and the date the allocation is confirmed;

- (iii) a direction to allocate and confirmation is received at least 3 business days before the first day of the month to which the *capacity certificates* relate; and
  - (iv) a confirmation of the allocation is received by AEMO from the relevant *Market Participant* no later than 11.59 pm on the day the direction to allocate was submitted by the *declared transmission system service provider*.
- (g) AEMO will notify the *declared transmission system service provider* and the *Market Participant* as soon as reasonably practicable of completion of the allocation of the *capacity certificates*.



## Appendix A. Terms of Use of the Auction Platform

Definitions in this Appendix:

**Principal User** means in relation to the Auction Platform, an *auction participant*, and

**System** means in relation to an *auction participant* and its authorised users, the Auction Platform.

### A.1.1 Authorised user identities

- (a) A Principal User must provide to AEMO complete and accurate identification, contact and other information as reasonably required to enable separate authorised user identities and direct contact details to be established for each of the Principal User's representatives for the purposes of the representative's access to the System.
- (b) Each authorised user identity is defined by reference to a single user name and password (user identity). A Principal User is responsible for all activities that occur using the user identity of any of its representatives.
- (c) A Principal User must maintain, and must ensure each of its representatives maintains, the confidentiality and security of each user identity created for a representative of the Principal User such that the user identity is only used by the relevant representative.
- (d) A Principal User must notify AEMO immediately if it becomes aware of any unauthorised disclosure or use of a user identity created for a representative of the Principal User.
- (e) AEMO may suspend or revoke the access of a representative of a Principal User to the System for any reason at any time. The Principal User must ensure that its representative ceases access immediately on notice of the suspension or revocation from AEMO.
- (f) A Principal User must ensure that its authorised users comply with the terms of use for the System in clause A.1.2 as if the authorised user were the Principal User.
- (g) AEMO may require authorised users to agree to terms of use when accessing the System, including terms relating to the use of personal information provided to AEMO in accordance with AEMO's privacy policy.

### A.1.2 System terms of use

- (a) A Principal User must not permit use of or access to the System by any third party, other than its representatives nominated in accordance with the Procedures.
- (b) A Principal User must not:
  - (i) alter or remove any copyright, trademark or other proprietary mark, logo or notice of AEMO or of any other company, organisation or public authority appearing anywhere in the System;
  - (ii) modify or edit the data, text, images, material and information in the System or publish or sell any information from the System including by making that information available on any website;
  - (iii) reverse engineer, transfer, adapt or modify any software used in connection with any part of the System;

- (iv) attempt to damage or corrupt (including through the introduction of any malicious software) any software or data of AEMO or any third party used in connection with any part of the System; or
  - (v) attempt to gain unauthorised access to the System, the server on which the System is stored or any server, computer or database connected to the System.
- (c) A Principal User must at all times ensure that no improper, fraudulent or unlawful use is made of the System directly or indirectly including any activity which is prohibited under any law of the Commonwealth or States of Australia or elsewhere.
- (d) A Principal User must not:
- (i) engage in any activities or actions in connection with the System that may infringe or misappropriate the Intellectual Property Rights of others or that is defamatory or discriminatory or otherwise found by AEMO to be offensive or unacceptable; or
  - (ii) attempt to probe, scan or test the vulnerability of the System or the services or networks connected to the System or to breach security or authentication measures without express authorisation of AEMO.
- (e) A Principal User must not interfere with or disrupt the System or the services or networks connected to the System, including by deliberate attempts to overload a system or by allowing the introduction of any harmful virus or other code that may have harmful, disruptive, contaminating, malicious or destructive elements.

### A.1.3 Rights in the System

- (a) All Intellectual Property Rights in each System and the content and layout of the System are owned by AEMO or its licensors and are subject to copyright.
- (b) A Principal User registered under these Procedures and its authorised users has a nonexclusive, non-transferable right to access the applicable System and to use the functionality of the System in accordance with these Procedures, any applicable interface protocol and any access and licensing agreement entered into under the applicable interface protocol. The System must not be used in any way that is not authorised by these Procedures or the applicable interface protocol.

## Version release history

Version	Effective Date	Summary of Changes
1.0	1 January 2023	First Issue. Note that these procedures will also apply for transitional capacity certificates auctions.