

DWGM ALLOCATION & SUB-ALLOCATION ESTABLISHMENT GUIDELINES

PREPARED BY: Metering and Settlements

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Version Release History

| Version | Date | By | Changes |
|---------|---------------|--------------------------|---------------------------|
| 1.0 | 3 March 2011 | Metering and Settlements | Draft |
| 2.0 | 13 April 2011 | Metering and Settlements | Final |
| 2.1 | 6 May 2014 | Settlements | Update links to documents |

Related documents

| Example of | Document |
|---|---|
| Accreditation Form | http://www.aemo.com.au/Gas/Resources/Reports-and-Documents/~/_media/Files/Other/vicwholesalegas/Accreditation_Form.ashx |
| Allocation/Sub-Allocation Contract Details Form | http://www.aemo.com.au/Gas/Resources/Reports-and-Documents/~/_media/Files/Other/vicwholesalegas/1660-0007%20doc.ashx |
| Contract | http://www.aemo.com.au/Gas/Resources/Reports-and-Documents/~/_media/Files/Other/vicwholesalegas/1660-0004%20pdf.ashx |
| Service Level Agreement | http://www.aemo.com.au/Gas/Resources/Reports-and-Documents/~/_media/Files/Other/vicwholesalegas/1660-0005%20pdf.ashx |
| MIBB Specification | Please request this document by emailing Settlements@aemo.com.au |
| Co-signed Letter | http://www.aemo.com.au/Gas/Resources/Reports-and-Documents/~/_media/Files/Other/vicwholesalegas/1660-0009%20pdf.ashx |

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1 Purpose

The purpose of this document is to provide guidelines for Market Participants registering request for a new allocation or sub-allocation arrangement at a particular injection or withdrawal point in the Declared Gas Wholesale Market (DWGM). The document provides an overview of the set-up process, requirements from market participants, costs involved, timeframes, and Australian Energy Market Operator's (AEMO) allocation/sub-allocation methodology for a new allocation or sub-allocation.

2 Background

The Victorian DWGM is a wholesale gas market for the supply and purchase of gas in the jurisdiction of Victoria and some parts of NSW across the Declared Transmission System (DTS). The market is operated by AEMO.

Allocations refer to quantities of gas treated as having been injected or withdrawn by a market participant at a system point in a gas day. For example you may have one physical meter that gas flows through and 5 Market Participants who inject gas through that meter. Allocations are the mechanism for allocating quantities to each of those market participants. A market participant who is party to an allocation at a system point may enter commercial arrangements to sub allocate their quantities from the initial allocation to other parties. For example, Market Participant A has a surplus of gas supplies and enters a commercial agreement with market participant B to on-sell its surplus of gas supplies to enable the latter to cover their supply shortfalls. Under the National Gas Rules where more than one Market Participant inject or withdraw gas through a system injection / withdrawal point an allocation and or sub allocation agent must be appointed.

3 Business Procedure for Allocation or Sub-Allocation Set-up

Market participants have the option of appointing AEMO or a party other than AEMO as their allocation / sub-allocation agent. Both options have different fee structure and contractual requirements which will be highlighted in this document. Section 3.1 describes the procedure where AEMO is approached by a registered market participant to be the allocation or sub-allocation agent at an injection or withdrawal point. Section 3.2 describes the procedure where a party other than the AEMO is the appointed allocation or sub-allocation agent.

Please note the breakdown of tasks for each of these methods is based on AEMO system changes required to facilitate allocation and sub allocation requests. The timing below assumes the contract (if AEMO is the allocation/ sub allocation agent) is completed prior.

3.1 AEMO as the Allocation/Sub-allocation Agent

Pre-requisites:

1. All Market participants (i.e., all of the allocated or sub-allocated parties) entering into the allocation or sub-allocation agreement are already registered for DWGM (For details about the registration process, see the following section of the AEMO's website <http://www.aemo.com.au/About-the-Industry/Registration>).
2. Commercial agreement for a new allocation/sub-allocation has been signed by all parties involved.
3. A Market Participant who is already part of an allocation or sub allocation at a system injection / withdrawal point wishing to enter into a second allocation at that same system injection / withdrawal point is required to register a second entity in the market. They can use the same ABN (e.g., if ABC Energy is registered at an injection point and they plan to enter into a supply contract with another party for a second parcel of gas at the same system point, they would be required to register ABC Energy 2 in the market using the same ABN as ABC Energy).
4. Allocation/Sub-allocation Contract Detail Form completed– this form will provide AEMO with details such as the parties involved, type of arrangement (allocation or sub-allocation), and commencement date of arrangement, termination date and request for AEMO to be the allocation/Sub A allocation agent. The information provided in this form will be used to customise the standard allocation / sub-allocation contract between the market participants and AEMO

5. Accreditation Form – AEMO requires market participants to complete the accreditation process prior to injecting or withdrawing gas at a system point. This form is available on AEMO’s website (see Related documents) and needs to be completed and sent to AEMO in accordance with the Accreditation Procedures. AEMO will review and provide written confirmation of acceptance of accreditation.
6. Contract signed by all parties involved – the contract details the injection/withdrawal point where the allocation/sub-allocation is to take place, the allocation/sub-allocation methodology, the start date and termination date of the allocation or sub-allocation, and fees and charges to be incurred. To reduce the time it takes to finalise the contract between market participant and AEMO, a standard allocation/sub-allocation contract will be made available for review on the AEMO’s website and be customised as per the information provided in the form (pre-requisite number 4).

Allocation and Sub-allocation Set-up Process:

Once the above pre-requisites have been satisfied, AEMO and the Participants have to perform a series of tasks to put the allocation or sub-allocation arrangements in place. These tasks are summarised below and can take up to 7 business days from the execution of the contract. The table also provides indicative timings for each activity.

***Note: These processes begin after all pre-requisites have been fulfilled**

| Responsible Party | Task | No. of Business Days that task starts prior to the commencement of allocation or sub-allocation |
|-----------------------|---|---|
| AEMO | Configures non production environment and make proposed changes in that environment to confirm setup (configuration of AEMO meter registers, allocation agent software and MIBB Reports). | 7 |
| AEMO | Configures Production Gas Market Systems (configuration of AEMO meter registers, allocation agent software and MIBB Reports) and send market participants their new billing logical MIRN | 4 |
| AEMO | Provides Market Participant(s) their Billing MIRN(s)detail again and request market participant(s) to test and confirm they can view their physical injection/withdrawal point | 2 |
| Market Participant(s) | Confirm they can view their physical injection/withdrawal point through the Web exchanger, for bidding purposes. This allows for the MP to submit the 2 day ahead bids required under NGR 211(1). | 2 |
| AEMO | Commences allocation/sub-allocation on the start date of the contract and publish allocated quantity in the Market Participant’s MIBB reports | 0 |

3.1.1 AEMO Supported Allocation/Sub-allocation Methodology

In accordance with National Gas Rule 229 AEMO determines the quantity of gas to be treated as having been injected / withdrawn by each Market Participant at the relevant system injection point in accordance with the following formula:

$$Q = MQ \times (SQ/\Sigma SQ)$$

Where:

Q is the quantity of gas that is to be treated as having been injected / withdrawn by that Market Participant at that system injection point in an hour;

MQ is the actual quantity of gas injected / withdrawn into the declared transmission system at that system injection point in that hour;

SQ is the quantity of gas scheduled in the last published operating schedule for injection / withdrawal by that Market Participant at that system injection point in that hour; and

ΣSQ is the total quantity of gas scheduled in the last published operating schedule for injection / withdrawal by all Market Participants at that system injection point in that hour.

3.2 Parties other than AEMO as the Allocation/Sub-allocation Agent

Pre-requisites:

1. All market participants engaging in the allocation or sub-allocation agreement are already registered for DWGM (For details about the registration process, see the following section of the AEMO's website <http://www.aemo.com.au/About-the-Industry/Registration>).
2. Commercial agreement for a new allocation/sub-allocation has been signed by all parties involved.
3. A Market Participant who is part of an allocation or sub allocation at a system injection / withdrawal point wishing to enter into a second allocation at that same system injection / withdrawal point is required to register a second entity in the market. They can use the same ABN (e.g., if ABC Energy, is registered at an injection point and plans to enter into a supply contract with another party for a second parcel of gas at the same system point, they would be required to register ABC Energy 2 in the market using the same ABN).
4. The party receiving the allocation or sub-allocation must provide a formal letter appointing another party as their Allocation / Sub-allocation Agent. This letter must state that they permit the appointed allocation/sub-allocation agent to view their schedules at the nominated injection / withdrawal point and the date of which the allocation / sub-allocation is to commence and terminate.
5. The appointed allocation / sub-allocation agent must provide AEMO with a letter of acceptance of this appointment. Alternatively a single letter that's co-signed by the party that is receiving the allocation or sub-allocation and the party performing the allocation or sub-allocation is also acceptable.
6. Accreditation Form – The Party receiving the sub-allocation is required to complete, sign, and submit an accreditation form. This form is available online and is required to accredit a market participant to bid at the requested injection / withdrawal point. AEMO will review and provide written confirmation of acceptance of accreditation.
7. Service Level Agreement signed by the allocation/sub-allocation agent and AEMO. The Service Level Agreement outlines timing arrangements for AEMO to make data available to Allocation Agents / Sub Allocation Agents and the requirements for Allocation/Sub Allocation Agents to provide allocation statements to AEMO
8. Allocation or Sub-Allocation Agent has reviewed and understood MIBB Specifications for data input and output. MIBB Specification describes the format in which AEMO will make data available for use by Allocation/Sub Allocation Agents and describes AEMO requirements for allocation statements delivered to AEMO IT systems by Allocation/Sub Allocation Agents

Allocation and Sub-allocation Set-up Process:

Once the pre-requisites have been satisfied AEMO and the Participants have to perform a series of tasks to put the allocation or sub-allocation arrangements in place. These tasks are summarised below and can take up to 10 business days from AEMO being advised of the allocation or sub-allocation arrangement. The table also provides indicative timings for each activity.

***Note: These processes begin after all pre-requisites have been fulfilled**

| Responsible Party | Task | Business Days prior to the commencement of allocation or sub-allocation |
|--------------------|---|---|
| AEMO | Configures Gas Systems and MIBB reports and send billing logical MIRN number to the market participant and Allocation Agent Id to allocation agent | 10 |
| AA | Configures their allocation systems and interfaces with AEMO as per MIBB specification. | 10 |
| AEMO & AA | Perform end-to-end testing confirming AA can retrieve all required reports from AEMO Test and Production MIBB, perform allocation and provide allocation to AEMO systems in the required format | 6 |
| AEMO | Provides Market Participant(s) with their Billing MIRN's details again and request market participant(s) to test and confirm they can view their physical injection/withdrawal point | 2 |
| Market Participant | Confirms they can view their Billing MIRN(s) through the Web exchanger, for bidding purposes | 2 |
| AA and AEMO | Commences allocation/sub-allocation on the start date of the allocation or sub-allocation. AEMO is to publish allocated quantity in the Market Participant's MIBB reports | 0 |

3.3 Costs

The cost structure will vary depending on who the allocation/sub-allocation agent is.

AEMO as Allocation/Sub-allocation Agent

- Establishment Cost: \$7,600 (split equally between all allocated or sub-allocated parties)
- Ongoing Cost: \$2,300 per month (split equally between all allocated or sub-allocated parties)
- Termination Charge: any outstanding amount owing to AEMO + \$500 handling fee
- Non-standard Allocation/Sub-allocation Methodology: this will vary depending on the proposed methodology

Market Participant as Allocation/Sub-allocation Agent

- Establishment Cost: nil
- Ongoing Cost: nil
- Termination Charge: nil
- If required, customised new MIBB report that is not currently available as an Industry Report: \$12,000 (In most cases, there are available MIBB reports that can be customised to the needs of allocated or sub-allocated parties without a charge)

4 Checklist

AEMO as Allocation Agent / Sub-allocation Agent

| Item | Tick as Completed |
|--|--------------------------|
| Registration of Market Participants | <input type="checkbox"/> |
| Commencement date signed with an agreed start date | <input type="checkbox"/> |
| Accreditation form submitted and approved by AEMO | <input type="checkbox"/> |
| Allocation/Sub-allocation Contract Detail Form Submitted | <input type="checkbox"/> |
| Billing MIRN details are available | <input type="checkbox"/> |
| Allocation or Sub-Allocation Contract signed and returned to AEMO | <input type="checkbox"/> |
| Market Participant confirm ability to view System Point through Webexchanger | <input type="checkbox"/> |

Other Party as Allocation Agent / Sub-allocation Agent

| Item | Tick as Completed |
|---|--------------------------|
| Registration of Market Participants | <input type="checkbox"/> |
| Commencement date signed with an agreed start date | <input type="checkbox"/> |
| Accreditation form submitted and approved by AEMO | <input type="checkbox"/> |
| Option1: Submission of letter of appointment of allocation/sub-allocation agent Submission of letter of acceptance by allocation/sub-allocation agent | <input type="checkbox"/> |
| Option 2: Co-signed letter by all parties | |
| Billing MIRN details are available | <input type="checkbox"/> |
| Allocation Agent ID available | <input type="checkbox"/> |
| MIBB specification given by AEMO | <input type="checkbox"/> |
| Service Level Agreement signed and returned to AEMO | <input type="checkbox"/> |
| Market Participant confirm ability to view System Point through Webexchanger | <input type="checkbox"/> |
| Allocation or Sub-Allocation agent confirm ability to view the schedules of the allocated or sub-allocated party at the required system point | <input type="checkbox"/> |