

# National Gas Rules Part Summaries

To assist you with orientating yourself within the [National Gas Rules](#) particularly the [current rules](#), you can access summaries of the content in each chapter below:

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## Part 1: Preliminary

This Part contains the list of terms used throughout the Rules, accompanied by definitions.

## Part 2: Australian Energy Regulator to provide information, and promote informed discussion, on regulatory issues

This Part sets out ways in which the [Australian Energy Regulator](#) may engage with the public on regulatory issues, including by publishing discussion papers and inviting public submissions, comments and discussions.

## Part 3: Decision-making under the law

This Part sets out procedures for the [National Competition Council](#), [Australian Energy Regulator](#) and [Australian Energy Market Operator](#) when:

- making decisions on applications, access arrangement proposals, or other proposals initiated by one of these bodies, including:
  - consulting with the public, or other persons with whom consultation is required, on proposals by publishing proposals and inviting written submissions
  - publishing and consulting on draft decisions or reports,
  - publishing final decisions or reports, and
- rejecting non-compliant or frivolous proposals.

## Part 4: Coverage

This Part sets out requirements for:

- applications for coverage and revocation of coverage of natural gas transmission and distribution pipelines, and
- the [National Competition Council](#) in dealing with these applications and making recommendations for coverage and revocation of coverage, and
- Ministerial decisions on coverage and revocation of coverage.

## Part 5: Competitive tendering

This Part deals with pipelines that are constructed by means of a competitive tender process and sets out requirements for:

- making an application to the [Australian Energy Regulator](#) for approval of a proposed tender process as a competitive tender process
- the Australian Energy Regulator when:
  - approving the tender process as a competitive tender process
  - revoking a tender approval decision,
  - requesting the [National Competition Council](#) to classify a successful tender as a transmission pipeline or a distribution pipeline, and
  - approving the competitive tender access arrangement/li>
- the National Competition Council when classifying a successful tender as a transmission pipeline or a distribution pipeline, and
- a successful service provider when submitting a competitive tender process access arrangement proposal to the Australian Energy Regulator for approval.

## Part 6: Ring fencing

This Part sets out requirements for:

- the [Australian Energy Regulator](#) when:
  - imposing additional ring fencing requirements
  - dealing with applications for exemptions from minimum ring-fencing requirements, and
  - dealing with applications for approval of a new or varied associate contract, and
- a service provider to notify the Australian Energy Regulator of a new or varied associate contract.

## Part 7: Light regulation determinations and information requirements

This Part sets out the procedural requirements for making light regulation determinations, including:

- requirements for making an application for a light regulation determination and revocation of a light regulation determination
- the [National Competition Council](#)'s decision-making process when considering an application for a light regulation determination and revocation of a light regulation determination, and
- compliance requirements for a service provider for a light regulation pipeline, particularly in relation to the publication and maintenance of information relating to the provision of light regulation services, including information about access and charges.

## Part 8: Access Arrangements

This Part deals with the requirements for preparing and submitting an access arrangement proposal, and the [Australian Energy Regulator](#) approval process, including:

- access arrangement information
- submission of new access arrangement proposals, access arrangement revision proposals, and reference service proposals to the Australian Energy Regulator for approval
- the Australian Energy Regulator's decision-making process for approving access arrangement proposals and reference service proposals, including making and approving its own proposals for new or revised access arrangements
- the [National Competition Council](#)'s responsibilities for classifying a pipeline as a transmission pipeline or a distribution pipeline, and
- varying or revoking existing access arrangements.

## Part 9: Price and revenue regulation

This Part sets out detailed requirements for the [Australian Energy Regulator](#) to apply in determining the total revenue for a covered pipeline service provider in the context of a full access arrangement, including the “building block approach” and a breakdown and explanation of how each element of the building block approach is to be applied and satisfied.

## Part 10: Other provisions of and concerning access arrangement

This Part sets out other access arrangement requirements relating to:

- queuing, to establish an order of priority between prospective users of spare or developable capacity (or both)
- application of an access arrangement where a pipeline is extended or expanded
- trading of contracted capacity, and
- change of a receipt or delivery point.

## Part 11: Facilitation of, and request for, access

This Part sets out general requirements concerning the facilitation of access to all covered pipelines, including requires covered pipeline service providers to:

- make any access arrangement and other specified information available on their websites
- provide information regarding tariffs on request from a prospective user
- not bundle services unless reasonably necessary
- provide information on any unutilised contracted capacity on request from a prospective user, and
- respond to a request for access to their pipeline, in line with specified procedures.

## **Part 12: Access disputes**

This Part sets out the process for determining pipeline access disputes.

### **Part 12A: Gas connection for retail customers**

This Part regulates the provision of gas connection services between distributors and retail customers, and deals with:

- types of connection services, being basic connection services, standard connection services, and negotiated connection contracts
- connection charges
- applications for connection services
- formation of connection contracts for basic and standard connection services
- the process and framework for negotiated connection contracts, and
- dispute resolution between distributors and retail customers.

## **Part 13: Greenfields incentives**

This Part sets out requirements for:

- 15-year no-coverage determinations and price regulation exemptions, including requirements for:
  - content of applications for no-coverage and price regulation exemptions
  - the [National Competition Council](#) when dealing with applications for no-coverage and price regulation exemptions and making recommendations, and
  - Ministerial decisions on applications for no-coverage and price regulation exemptions, and
- limited access arrangements for international pipelines, including requirements for:
  - content of proposals for limited access arrangements for international pipelines, and

- the [Australian Energy Regulator](#) when making decisions on proposals for new or varied limited access arrangements for international pipelines.

## Part 14: Reclassification of pipelines

This Part sets out requirements for:

- content of reclassification applications
- the [National Competition Council](#) when dealing with reclassification applications and making recommendations, and
- Ministerial decisions on reclassification applications.

## Part 15: Pipeline register

This Part sets out the requirements for:

- the Australian Energy Market Commission to establish and maintain a [register of all pipelines](#) that are, or have been, subject to any form of regulation or exemption from regulation, and to publish this register on its website, and
- service providers to notify the Australian Energy Market Commission, in the form and manner specified by the Australian Energy Market Commission, of a new pipeline or extension or capacity expansion of an existing pipeline, for inclusion in the register.

## Part 15A: Registered participants

This Part sets out:

- the requirements for registering as a participant in the declared wholesale gas market of an adoptive jurisdiction, the retail market, and the short term trading market
- the [Australian Energy Market Operator](#)'s responsibilities in relation to registration, including considering applications for registrations, granting exemptions from registration, revoking registrations or exemptions, and keeping a register of participants and persons exempted from registration, and
- provisions enabling the Australian Energy Market Operator to recover its costs from participants.

## Part 15B: Procedures

This Part sets out the matters that can be dealt with in the [Retail Market Procedures](#), [Wholesale Market Procedures](#) and the procedures for regulating the [Natural Gas Services Bulletin Board](#), and describes the process to be followed by the [Australian Energy Market Operator](#) when making these Procedures.

## **Part 15C: Dispute resolution**

This Part sets out the process for resolving disputes relating to:

- the application or interpretation of the [National Gas Rules](#) or National Gas Procedures
- a liability or alleged liability under the National Gas Rules or National Gas Procedures
- a matter that is, by agreement between the parties to the dispute, to be resolved under this Part, or
- a matter that is under some other provision of the National Gas Rules or National Gas Procedures to be determined under this Part.

This Part does not deal with access disputes, budget disputes, or a dispute that is classified as an excluded dispute under any provision of the National Gas Rules.

## **Part 15D: Gas statement of opportunities**

This Part sets out requirements for the gas statement of opportunities published by the [Australian Energy Market Operator](#), including contents of the statement, annual revisions and republication, and publication of supplements where significant new information arises that is relevant to the statement.

## **Part 16: Confidential information**

This Part sets out obligations relating to the protection of confidential information against improper use or disclosure, including the development and implementation of appropriate policies by the [Australian Energy Market Operator](#) in consultation with the Australian Energy Market Commission.

## **Part 17: Miscellaneous**

This Part sets out procedural requirements for the [Australian Energy Regulator](#) in making a general regulatory information order and preparing service provider performance reports.

## **Part 18: Natural Gas Service Bulletin Board**

This Part provides for reporting of information to facilitate trade and informed decision making in relation to the provision and use of natural gas and natural gas services, and negotiation for access to [Bulletin Board](#) pipelines. This Part requires gas facility operators to register with the [Australian Energy Market Operator](#) and to report information relating to gas supply, pipeline flows, storage, demand, capacity, allocation arrangements and auction related information, to ensure the provision of accurate and timely information to the market. Obligations apply to gas facility operators in all Australian states and territories, including the Northern Territory, except Western Australia. Civil penalties apply for non-compliance with provisions relating to Bulletin Board registrations and the quality of information submitted to the Bulletin Board.

## Part 19: Declared Wholesale Gas Market Rules

This Part sets out the rules that govern the operation of the declared transmission system, the declared distribution systems and the operation and administration of the [Declared Wholesale Gas Market](#), including:

- the [Australian Energy Market Operator](#)'s specific powers and responsibilities for:
  - system security
  - gas scheduling
  - determining the market price
  - administration of a participant compensation fund
  - allocation and reallocation of gas injections and withdrawals
  - facilitating the billing and settlement of transactions between market participants
  - prudential requirements
  - technical matters relating to things like connection, LNG storage, gas quality, metering and unaccounted for gas
  - making information available to the market, and
  - managing market emergencies, interventions and system security threats
- the requirements for connection to the declared transmission system, including obligations of AEMO, connecting and connected parties and the declared transmission system service provider
- participant's requirements to submit bids, demand forecasts and receive accreditation of controllable quantities
- metering obligations
- planning and maintenance for the declared transmission system, and



- requirements for the allocation and use of authorised MDQ and AMDQ credit certificates.

## **Part 20: Short Term Trading Market Rules**

This Part deals with the operation and administration of the short term trading market (STTM) by the [Australian Energy Market Operator](#), and sets out:

- the Australian Energy Market Operator's functions relating to:
  - providing a market operator service
  - market operations, including scheduling and pricing
  - gas allocations, including managing ownership, risk and responsibility for gas
  - facilitating the making of contingency offers for gas
  - establishing and maintaining a participant compensation fund for each hub
  - facilitating billing and settlement
  - prudential requirements, and
  - market audit and monitoring
- hubs and STTM distribution systems for Adelaide, Sydney and Brisbane
- requirements for registration and revocation of registration or exemption of trading participants
- requirements for the provision of information and registration of that information by the Australian Energy Market Operator
- trading rights
- obligations relating to allocation agents, and
- obligations relating to changes to registered services and trading rights.

## **Part 21: Retail support obligations between distributors and retailers**

This Part provides for retail support obligations in respect of distributors and retailers who have shared customers, including billing and payment rules for distributors' service charges to retailers, and a credit support regime in respect of retailers' liability for outstanding charges. The provisions in this Part prevail over any inconsistent provisions in a distributor's access arrangement or gas service agreement.

## **Part 22: Gas Trading Exchange**

This Part provides for the capacity trading platform.

This Part sets out the rules relating to the gas trading exchange, including:

- high level design parameters for the exchange
- [Australian Energy Market Operator](#)'s ability to charge fees for establishing, operating and administering the exchange
- arrangements for the determination of charges for delivery failures
- arrangements for becoming a member and Australian Energy Market Operator's power to suspend a member
- requirements for an exchange agreement
- market conduct rules, and
- the prohibition on short selling.

This Part also places a specific duty on the [Australian Energy Regulator](#) to monitor compliance with the market conduct rules.

## **Part 23: Access to non-scheme pipelines**

This Part sets out the framework to facilitate access to pipeline services on non-scheme pipelines (pipelines which are not covered or subject to a coverage determination) at prices and on other terms and conditions that, so far as practicable, reflect the outcomes of a workably competitive market, by providing for:

- the publication and exchange of information to facilitate timely and effective commercial negotiations in relation to access to non-scheme pipelines
- a commercially-orientated arbitration process to resolve access disputes in a cost-effective and efficient manner, and
- principles that the arbitrator must have regard to when determining access disputes, which are consistent with the outcomes of a workably competitive market.

In this Part:

- Division 1 sets out the objectives of this Part and deals with preliminary matters
- Division 2 sets out information that must be published by the service provider for a non-scheme pipeline
- Division 3 provides for access requests and negotiations
- Division 4 provides for the arbitration of access disputes
- Division 5 contains provisions about the role of the scheme administrator, and
- Division 6 provides for exemptions from the application of this Part.

## Part 24: Facilitating capacity trades and the capacity auction

This Part provides for a number of measures to facilitate capacity trading and the day-ahead auction, including the [Operational Transportation Service Code](#), standard operational transportation service agreements, transaction support arrangements and transportation service provider obligations. It also sets out the exemption and registration framework for facility operators. In this Part:

- Division 1 deals with preliminary matters
- Division 2 provides for the Operational Transportation Service Code
- Division 3 provides for exemptions and for the registration of transportation facilities and transportation service providers as facility operators
- Division 4 provides for matters to be included in the [Capacity Transfer and Auction Procedures](#) to facilitate capacity trades and the capacity auction and for the allocation of service points to zones
- Division 5 sets out obligations of transportation service providers relating to standard operational transportation service agreements, and
- Division 6 sets out other obligations of transportation service providers in relation to facility agreements to facilitate capacity trades.

## Part 25: Capacity Auction

This Part provides for the conduct and operation of the day-ahead auction and includes rules for auction design, priority principles, market conduct, auction participant and service provider obligations, and payments. In this Part:

- Division 1 deals with preliminary matters
- Division 2 provides for the establishment and operation of the capacity auction and participation in the capacity auction
- Division 3 sets out the market conduct and nomination rules and obligations in relation to nominations and renominations, and
- Division 4 provides for settlement of amounts payable to facility operators in connection with the capacity auction.

## Part 26: Standard market timetable

This Part:

- specifies the standard gas day start time to be employed by production, storage and transportation facilities and requires the operators of these

facilities to use the standard gas day for nomination, scheduling and the provision of services provided by means of a natural gas facility

- specifies the standard nomination cut-off time to be employed by operators of Part 24 facilities and auction facility operators
- specifies the auction service nomination cut-off time to be employed by auction facility operators
- requires facility operators to ensure that the measurement and recording of quantities of gas correspond to the standard gas day (or shorter period) in certain circumstances.