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# Guidelines for Applicants

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**January 2020**

Release of AMDQ Credit Certificates 2020

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# 1. Introduction

AEMO and the declared transmission system service provider have agreed an increase in capacity of the declared transmission system (DTS) under rule 329 of the National Gas Rules (NGR), and this is available for allocation in accordance with NGR 329A(2)(a). AEMO has not been advised of a determination by the Australian Energy Regulator under NGR 329C(2), and accordingly AEMO must allocate the additional Authorised Maximum Daily Quantity Credit Certificates (AMDQ CC) by auction in accordance with NGR 329G. The amount of AMDQ CC available for allocation is in the auction notice published on AEMO's website<sup>1</sup>.

AEMO conducts AMDQ CC auctions in accordance with the clause 6 of the Wholesale Market AMDQ Procedures (Victoria) published on the AEMO website<sup>2</sup>.

This document provides supplementary information to the AMDQ CC Auction Notice 2020<sup>1</sup> as a guide for interested parties to fill out the Bid Form<sup>3</sup> and to understand the allocation process.

## 2. Frequently asked questions

### 2.1 Am I eligible to bid for AMDQ CC?

AEMO will not allocate AMDQ CCs to any person who does not meet the eligibility criteria, set out in clause 6.1.2 of the AMDQ Procedures:

- A bidder for AMDQ CC must be a registered Market Participant (MP) in the DWGM, or have applied for registration as a MP with the reasonable expectation of becoming registered by the expected allocation date.
- A bidder must have gained accreditation of a controllable quantity at any system injection point at the relevant Close Proximity Injection Point (CPP), or have a reasonable expectation of obtaining accreditation by the expected allocation date.
- The AMDQ CC total bid quantity, together with all other AMDQ CC held by the bidder at the relevant CPP must not exceed the bidder's accredited controllable quantity held or reasonably expected to be obtained.

### 2.2 If I am not accredited, how do I apply for accreditation?

Submit request for accreditation as per Wholesale Market Accreditation Procedures<sup>4</sup>.

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<sup>1</sup> AEMO. AMDQ CC Auction Notice 2020, at <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/AMDQ-Credit-Certificate-Auction>.

<sup>2</sup> AEMO. Wholesale Market AMDQ Procedures (Victoria), 25 October 2016, at <http://www.aemo.com.au/-/media/Files/Gas/DWGM/2017/Wholesale-Market-AMDQ-Procedures.pdf>.

<sup>3</sup> AEMO. AMDQ CC Auction 2020 Bid Form, at <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/AMDQ-Credit-Certificate-Auction>.

<sup>4</sup> AEMO. Wholesale Market Accreditation Procedures, at <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Policies-and-procedures>.

## 2.3 How do I submit a bid?

You must not submit more than one bid per CPP. Bids must be submitted using the Bid Form<sup>5</sup> published on AEMO website and must comply with the requirements of clause 6.4 of the AMDQ Procedures. Bid requirements include:

- Each bid must specify the Total Bid Quantity that the applicant is bidding for.
- Each bid must contain at least one bid step, and may contain up to five bid steps.
- Each step must contain the quantity and price offered for that quantity.
- Bid price must be in whole Australian dollars and cents exclusive of GST.
- Bid price must not be less than the minimum bid price as specified in the auction notice<sup>6</sup>.
- Minimum bid quantity must not be less than 1000 GJ.
- The bid quantity must be a whole GJ number in multiples of 1000 GJ. Decimal points are not accepted.
- In each bid, the quantity column must be in ascending order and the price column must be in descending order.
- The Total Bid Quantity is the maximum bid quantity in any step. In the example below it is the 5,000 GJ in Bid Step 5.
- Total Bid Quantity must be less than or equal to the accredited quantity at the CPP. (As per the example below accredited quantity at the CPP is less than or equal to 5000 GJ)

<b>Close Proximity Injection Point</b>	Culcairn (Vic – NSW Interconnect Culcairn to Melbourne)	
<b>Total Available AMDQ CC Quantity (GJ)</b>	11,000	
<b>Total Bid Quantity (GJ)*</b> (Maximum bid quantity in the bid steps)	5,000	
<b>Bid Steps</b>	<b>Bid Quantity (GJ)*</b> (Ascending Order)	<b>Price (\$/GJ)** (Ex-GST)</b> (Descending Order)
<b>Bid Step – 1</b>	1,000	\$5.00
<b>Bid Step – 2</b>	2,000	\$4.50
<b>Bid Step – 3</b>	3,000	\$3.50
<b>Bid Step – 4</b>	4,000	\$2.50
<b>Bid Step – 5</b>	5,000	\$1.50

## 2.4 How is the minimum price determined?

The minimum price is set to recover anticipated AEMO costs in conducting the auction. Proceeds to the auction will be used to offset the cost of operating the DWGM as stated in NGR rule 330(1).

<sup>5</sup> AEMO. AMDQ CC Auction 2020 Bid Form, at <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/AMDQ-Credit-Certificate-Auction>.

<sup>6</sup> AEMO. AMDQ CC Auction Notice 2020, at <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/AMDQ-Credit-Certificate-Auction>.

## 2.5 Is there a maximum bid price as mentioned in clause 6.4(c) of the Wholesale Market AMDQ Procedures<sup>7</sup>?

No maximum bid price has been specified.

## 2.6 How does AEMO allocate AMDQ CC?

Only valid bids from eligible persons will be considered in the allocation process.

AEMO will use the clearing price method to allocate AMDQ CC, as described in clause 6.5.2 of the AMDQ Procedures<sup>7</sup>.

## 2.7 How do I know if my bid was successful?

Successful parties will be advised by email notification from the date specified in the auction notice<sup>8</sup>.

## 2.8 How much do I have to pay?

Market Participants will be charged a one-off payment equal to the clearing price for that CPP multiplied by the allocated GJ of AMDQ CC at that CPP, plus GST.

For example:

Clearing price for AMDQ CC at Iona = \$2.75

Allocated quantity to MP A = 5,000 GJ

Payment to AEMO  $\$2.75 \times 5,000 \text{ GJ} = \$13,750.00$  plus \$1,375 GST

## 2.9 When do I have to make the payment?

AEMO will send invoices to all the successful parties following the auction and successful parties must make the full payment within 20 business days of the invoice date.

## 2.10 When will AEMO allocate AMDQ CC to successful parties?

After AEMO receives payment, the AMDQ CC allocations will be processed and allocated to you within five business days.

## 2.11 When do I pay if my bid was successful, and what happens if I don't pay?

- Successful auction participants must make full payment within 20 business days of receiving an invoice from AEMO.
- You may request an extension to the payment date of up to five business days. You must make this request by email to AEMO as early as possible and in any event before the original due date. AEMO is under no obligation to agree on any extension.

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<sup>7</sup> AEMO. Wholesale Market AMDQ Procedures (Victoria), 25 October 2016, at <http://www.aemo.com.au/-/media/Files/Gas/DWGM/2017/Wholesale-Market-AMDQ-Procedures.pdf>.

<sup>8</sup> AEMO. AMDQ CC Auction Notice 2020, at <http://www.aemo.com.au/Gas/Declared-Wholesale-Gas-Market-DWGM/Settlements-and-payments/Settlements/Authorised-Maximum-Daily-Quantity/AMDQ-Credit-Certificate-Auction>.

- If full payment is not received by the due date, AEMO will cancel the allocation to that successful bidder and reallocate that quantity of AMDQ CC to the remaining bidders at the clearing price, in the following order:
  - a. Allocate to each bidder at the clearing price who did not receive an allocation of the full quantity in its bid (on a pro rata basis if necessary).
  - b. Offer to the next highest bidders (in descending order and on a pro rata basis if necessary), for acceptance within five business days.
- An invoice will be emailed to auction participants for any reallocated AMDQ CC within five business days of allocation or acceptance of offer, as applicable. Reallocations will occur within five business days of payment.
- Any reallocated AMDQ CC not paid for within 20 business days of invoice, or offered but not accepted within five business days will be allocated as spare capacity and available for subsequent auctions under the Procedure<sup>9</sup>.
- Accepted payment methods are EFT, credit card, or cheque.
  - a. EFT transactions must include the invoice number
    - Your invoice will include EFT details
  - b. For payments by credit card contact AEMO:
    - Accounts Receivable on (03) 9609 8595.

## 2.12 I have further questions. Where can I find more information?

Please contact [GASSettlement@aemo.com.au](mailto:GASSettlement@aemo.com.au).

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<sup>9</sup> AEMO. Wholesale Market AMDQ Procedures (Victoria), 25 October 2016, at <http://www.aemo.com.au/-/media/Files/Gas/DWGM/2017/Wholesale-Market-AMDQ-Procedures.pdf>.