Notice to Gas Supply Hub Exchange Members of AEMO's decision on making the Gas Supply Hub Exchange Agreement version 2.0

This Notice advises all Gas Supply Hub Exchange members and other interested stakeholders that AEMO has completed its consultation on the Gas Supply Hub End of Day Benchmark Price.

AEMO proposed changes to the Exchange Agreement to implement the new clause 10.3(c) and new clause 10.3(d), and the Gas Supply Hub End of Day Benchmark Price Methodology (see Attachment B).

Taking into account the assessment provided in the Impact and Implementation Report (IIR), and comments received on the proposed Exchange Agreement amendments, AEMO has decided to make amendments to the Exchange Agreement as shown below, effective from 13 April 2015.

The changes will be incorporated in version 2.0 of the Exchange Agreement by including the new clauses 10.3(c) and 10.3(d):

(c) Without limiting clause 10.3(b), the information referred to in this clause may include a benchmark price or prices in respect of any Product.

(d) If the Operator publishes a benchmark price, it must determine that price in accordance with a methodology established and amended by the Operator after consultation with Market Participants, and the Operator must publish that methodology on its website.

AEMO received two submissions from stakeholders in response to the proposed amendments to Exchange Agreement IIR. A summary of the comments is shown at Attachment A.

As required by the Gas Supply Exchange Agreement clause 3.3(d) (iv), AEMO informs Participants that version 2.0 of the Gas Supply Exchange Agreement will be effective from 13 April 2015.

Notice Date: 18 March 2015

Attachment A: Summary of stakeholder comments on Gas Supply Hub Exchange Agreement Consultation IIR

Organisation	Summary of comment	AEMO's Response
AGL	AGL was comfortable with the proposed amendments to the Exchange Agreement, and see it contributing positively to the National Gas Objective.	Noted.
Lumo	Lumo was fully supportive of the proposed amendments to the Exchange Agreement, including the proposed methodology for the calculation of the benchmark price.	Noted.

Attachment B -
Gas Supply Hub End of Day Benchmark Price Methodology
(Clause 10.3(d) Exchange Agreement)

Introduction

Clause 10.3 of the gas trading exchange agreement (Exchange Agreement) allows for the Operator to publish a benchmark price for a Product, in accordance with a published methodology.

AEMO has decided to publish end of day benchmark prices (each an "EOD Benchmark Price") for the Day Ahead Gas Product (the "Applicable Product") for each of the following locations (each a "Location"):

- (a) QGP Trading Location
- (b) RBP Trading Location
- (c) SWQP Trading Location
- (d) Wallumbilla Hub (comprising the QGP Trading Location, the RBP Trading Location and the SWQP Trading Location)

This document sets out the methodology to be used to calculate the EOD Benchmark Prices. For the purpose of determining the EOD Benchmark Price for the Wallumbilla Hub, references in the methodology to Transactions, Bids or Offers for the Location mean all Transactions, Bids or Offers for the QGP Trading Location, the RBP Trading Location and the SWQP Trading Location.

AEMO intends to publish the EOD Benchmark Prices for the Day Ahead Gas Product each day.

EOD Benchmark Prices are subject to change or correction by AEMO at any time.

Definitions

Words and phrases in this methodology are either defined in this document or have the meaning given to them in the National Gas Rules or the Exchange Agreement.

Methodology

Step 1

Subject to the methodology conditions noted below, the EOD Benchmark Price for a day for a Location for the Applicable Product is:

- (a) the volume weighted average price per Unit of all Transactions for the Location for the Applicable Product made on that day; or

- (b) if there are no Transactions made on that day for the Location for the Applicable Product, determined in accordance with Step 2.

Step 2

The EOD Benchmark Price for a day for a Location for the Applicable Product will be the EOD Benchmark Price published for the previous day for that Location, unless:

- (a) there is an open Bid price at 14:00 AEST on the day for the Location for the Applicable Product that is higher than the EOD Benchmark Price published for the previous day for that Location, in which case the EOD Benchmark Price for the day will be the highest Bid price at 14:00 AEST on the day; or

- (b) there is an open Offer price at 14:00 AEST on the day for the Location for the Applicable Product that is lower than the EOD Benchmark Price published for the

previous day for that Location, in which case the EOD Benchmark Price for the day will be the lowest Offer price at 14:00 AEST on the day.

Methodology Conditions

(a) Only Transactions, Bids and Offers on the Exchange Trayport trading screen will be included in the determination of an EOD Benchmark Price.

(b) Pre-matched Trades will not be included in the determination of an EOD Benchmark Price.

(c) Conditional Bids or Offers (i.e. All or None) will not be included in the determination of an EOD Benchmark Price under Step 2.

(d) Only Bids or Offers for at least 5TJ/day will be included in the determination of an EOD Benchmark Price under Step 2.

(e) Only Bids or Offers that are open and displayed on the Exchange Trayport trading screen for at least 5 continuous minutes will be included in the determination of an EOD Benchmark Price under Step 2.

(f) The volume weighted average price per Unit under Step 1 will be calculated to two decimal places.

(g) For the purpose of determining the EOD Benchmark Price for the Wallumbilla Hub under Step 2, if the open Bid price at 14.00 AEST on the day for a Trading Location is higher than the open Offer price at 14.00 AEST on the day for a different Trading Location, the arithmetic average of the Bid price and Offer price will be used.

(h) Where a there has never been a Transaction, Bid or Offer for the Applicable Product for a Location, the initial default EOD Benchmark Price for the Applicable Product for that Location will be $5/GJ.