Section 3.12 – Gas

The Gas Working Group has updated the Australian Gas Trading Addendum and MSV Confirmation in Section 3.12 of the *Guide*, in conjunction with Johnson Winter & Slattery and White Legal.

The changes to the Gas Addendum principally affect transactions for a market schedule variation in the Short Term Trading Market (MSV Transactions). A new clause 14 has been added which explains how MSV Transactions are delivered and incorporates a number of provisions that were previously in the confirmation. New warranties have been included relating to rights under the STTM Rules. The deadlines for notifying MSVs to AEMO have been extended from 4 to 7 Gas Days, reflecting changes to the STTM Rules. New provisions in the Addendum deal with failure to deliver or accept an MSV and replace the cash settlement calculations that were in the confirmation. Under the new provisions in the Addendum, a party in default of its delivery obligations must pay an amount calculated by reference to the additional amount payable under the STTM Rules by the party not in default.

Other changes to the Addendum include:

- providing for the chief executive officer of AFMA to select a Calculation Agent for the purposes of Disruption Fallback, if the parties cannot agree. This aligns the Addendum with the approach proposed by the Electricity Committee for "Recommended clauses for part 5 of the Schedule to the ISDA Master Agreement" at 3.8.5;

- updating definitions to reflect changes to the National Gas Rules;

- moving the dispute resolution clause to Part B of the Addendum so that it no longer applies to MSV Transactions or transactions based on market prices in the STTM or the Declared Gas Wholesale Market; and

- amending the GST clause to deal with timing of payments and withholding of GST where no ABN is quoted.

The MSV Confirmation has been updated to reflect the changes to the Addendum.

A mark-up showing the changes to the July 2010 edition of the Australian Gas Trading Addendum is at 3.12.4.10.