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The Market Rules

SEQ Water Market

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Chapter 1. Introduction

1.1 References to Market Rules

These rules are the South East Queensland Water Market Rules (the **Market Rules**).

1.2 Definitions and interpretations

Words and expressions used in the Market Rules are defined in Chapter 12. Guidance for interpretation of words and expression used in these Market Rules is provided in Chapter 11.

1.3 Background and institutional arrangements

- (a) In 2008 the Queensland Government completed the first stage of urban water reforms in South East Queensland by establishing the following state-owned statutory authorities under the Restructuring Act:
 - (i) the Water Grid Manager ABN 14 783 317 630, which procures Declared Water Services from Grid Service Providers including the storage, treatment, manufacture and transportation of water and supplies water to Grid Customers;
 - (ii) the Queensland Bulk Water Supply Authority ABN 75 450 239 876, which trades as Seqwater and owns and operates water supply and water treatment infrastructure in the SEQ Region;
 - (iii) the Queensland Manufactured Water Authority ABN 29 939 627 965, which trades as WaterSecure and owns and operates the Western Corridor Recycled Water Scheme and the SEQ (Gold Coast) Desalination Plant; and
 - (iv) the Queensland Bulk Water Transport Authority ABN 51 614 840 026, which trades as LinkWater and owns and operates major pipelines in the SEQ Region.
- (b) In 2010 the Queensland Government undertook the second stage of urban water reforms in South East Queensland by establishing the following Local Government owned statutory authorities under the DR Act to distribute and retail water to consumers in South East Queensland:
 - (i) the Northern SEQ Distributor-Retailer Authority ABN 89 791 717 472, which trades as Unitywater;
 - (ii) the Central SEQ Distributor-Retailer Authority ABN 86 673 835 011, which trades as Queensland Urban Utilities; and
 - (iii) the Southern SEQ Distributor-Retailer Authority ABN 80 769 308 350, which trades as Allconnex Water.
- (c) The Market Rules only apply to the acquisition of bulk water by these authorities from the Water Grid Manager and the transportation of bulk water to other Grid Participants. The Market Rules do not apply to the distribution and retail functions of these authorities.
- (d) The underlying principle of the Water Grid is that water for urban and industrial use in the SEQ Region is a shared resource, to be managed for optimal conjunctive use of water sources in the SEQ Region.
- (e) The hierarchy of instruments as detailed in section 1.10 applies to the operation of the Water Grid.

1.4 The Market

The Market is the wholesale exchange for the supply of Declared Water Services to the Water Grid Manager and the sale by the Water Grid Manager of water supplied by Declared Water Services.

1.5 Regulation of the Market

The Market Rules are one of a suite of instruments designed to regulate various aspects of the Market:

- (a) the System Operating Plan provides the hydrological principles to be applied by the Water Grid Manager to ensure the optimum conjunctive use of water storages and manufactured water resources;
- (b) the Market Rules govern operational and commercial aspects of the Market, as they apply to all entities participating in the Market;
- (c) Grid Contract Documents govern the specific commercial transactions between Grid Participants and the Water Grid Manager; and
- (d) Operating Protocols govern the specific operational interactions between Grid Participants that interact with one another in the management of the physical flow of water in the Water Grid.

1.6 Contractual arrangements in the Market

- (a) The Water Grid Manager does not itself treat, transport or supply water. It procures these services through the Grid Contract Documents between the Water Grid Manager and the Grid Service Providers or Distribution Service Providers. However, there is no direct contractual relationship between a Grid Service Providers and Grid Customer, although their operations physically interact. Operating Protocols, which are discussed further in Chapter 3, set out the terms of arrangements agreed between Grid Participants in relation to these physical interactions.
- (b) Each Grid Contract Document made by the Minister under section 360ZDD of the Water Act provides that:
 - (i) the Water Grid Manager indemnifies the Grid Participant for losses resulting from the failure of another Grid Participant to perform its obligations under an Approved Operating Protocol; and
 - (ii) each Grid Participant indemnifies the Water Grid Manager for losses resulting from a breach by the Grid Participant of its Grid Contract Document (including any breach of an Approved Operating Protocol), any loss of, or damage to, property (including the environment) or any injury or death of any person to the extent that such loss, damage, injury or death is caused by any negligent or unlawful act or omission or wilful misconduct of the Grid Participant.
- (c) The indemnities described in section 1.6(b) serve two purposes:
 - (i) they provide each Grid Participant with a legal remedy for losses they may sustain as a result of the acts or omissions of another Grid Participant, even where this is no contract between them; and
 - (ii) they provide that if the Water Grid Manager is liable to a Grid Participant for a breach of a Grid Contract Document and the Water Grid Manager relied on

another Grid Participant to perform its obligation, the Water Grid Manager is indemnified by the relevant Grid Participant on whom it relied.

- (d) The Grid Contract Documents also include a limit on the Water Grid Manager's liability to Grid Participants (**Pass Through Limit**). If the Water Grid Manager relied on another Grid Participant to perform its obligations, the Pass Through Limit limits the Water Grid Manager's liability to the amount the Water Grid Manager recovers from the Grid Participant on whom it relied.
- (e) The indemnity provisions in the Grid Contract Document described in section 1.6(c) are an important feature of the Water Grid. They allocate liability to the Grid Participant causing the loss or damage, and they limit the Water Grid Manager's liability for aspects of the treatment, transportation and supply of water over which it has no control. They do not limit the Water Grid Manager's liability for any other breaches of the Grid Contract Documents or for its own negligence.
- (f) Grid Customers that take Purified Recycled Water or Raw Water also acknowledge in their Grid Contract Documents that limited use that can be made of that water, and they indemnify the Water Grid Manager for any loss the Water Grid Manager may incur as a result of its quality.
- (g) This section 1.6 provides only a high level summary of certain limited aspects of the liability framework within the Water Grid. It is only intended to give Grid Participants an overview of the liability regime that is applicable between Grid Participants and the Water Grid Manager. This section 1.6 is not determinative of the Water Grid Manager's or a Grid Participant's rights. If there is an inconsistency between this section 1.6 and any other provision of the Market Rules or any Grid Contract Document, the inconsistency should be resolved in accordance with section 1.10 as though this section 1.6 does not exist.

1.7 Purpose of the Market Rules

The Market Rules:

- (a) set out a process which governs entry into, and participation in the Market including registration requirements for Grid Participants;
- (b) set out the roles and responsibilities of Grid Participants;
- (c) provide for a consistent regime within the Market for operational issues including metering;
- (d) provide for the operation of the Market, including a process and authority for the issue of Grid Instructions and Operating Instructions and a process for putting in place Operating Protocols between Grid Participants whose operations interact;
- (e) provide a framework within which:
 - (i) Grid Service Providers will supply Declared Water Services to the Water Grid Manager and be paid for the supply of such Declared Water Services; and
 - (ii) Grid Customers will purchase water from the Water Grid Manager; and
- (f) provide for a process for resolution of disputes between Grid Participants, or between Grid Participants and the Water Grid Manager.

1.8 Application of the Market Rules

The Market Rules apply to:

- (a) a person wishing to apply for registration as a Grid Participant;
- (b) Grid Participants;
- (c) the Water Grid Manager;
- (d) the Rules Administrator; and
- (e) the Price Regulator.

1.9 Authority of Market Rules

The Market Rules are a statutory instrument made by the Minister under section 360ZCX of the Water Act.

1.10 Hierarchy of instruments

The Market Rules operate within the following hierarchy of statutory instruments, programs, plans, licences and contracts:

- (a) the Water Supply Act and the Water Act and any instrument operative pursuant to the Water Supply Act or the Water Act including:
 - (i) the Water Supply Regulation and the Water Regulation;
 - (ii) Water Resource Plans;
 - (iii) Resource Operations Plans;
 - (iv) Resource Operations Licences and Interim Resource Operations Licences;
- (b) the Regional Water Security Program;
- (c) the System Operating Plan;
- (d) the Market Rules including any Grid Instructions issued pursuant to the Market Rules;
- (e) Grid Contract Documents; and
- (f) Operating Protocols made under the Market Rules including any Operating Instructions issued pursuant to the Market Rules,

(together, **Documents**).

A Document higher up the list takes precedence over a Document lower down the list. If there is any inconsistency between provisions of a Document lower down the list and a Document higher up the list, the provisions of the Document higher up the list will prevail except where, and to the extent that, a Grid Contract Document requires a higher standard of performance or imposes more onerous obligations than the Market Rules, in which case the terms of the Grid Contract Document will prevail over the Market Rules.

1.11 Exercise of power under the Market Rules

- (a) Any power, authority, right, privilege or other function given under the Market Rules must be exercised in a manner consistent with the Market Rules.
- (b) Where the Rules Administrator is given a power to approve a plan or other document under these Market Rules, the Rules Administrator may, having regard to the Market Outcomes, approve the plan or document with or without conditions.

1.12 Administration of the Market Rules

- (a) The Rules Administrator is responsible for administration and enforcement of the Market Rules.
- (b) The Rules Administrator must monitor compliance with the Market Rules and the effectiveness of the Market Rules and may reasonably require Grid Participants to supply information and reports from time to time for this purpose.
- (c) The Rules Administrator is responsible for the performance of all of its obligations under these Market Rules even if it has entered into a contract or other arrangement with another person in relation to the performance of any of its obligations under these Market Rules.

1.13 Extension of time

- (a) Where these Market Rules require a Grid Participant, the Water Grid Manager or the Rules Administrator to do a thing within a prescribed timeframe, the Rules Administrator may, having regard to the Market Outcomes, grant such additional time for the doing of the thing as the Rules Administrator considers appropriate.
- (b) If additional time proposed to be granted by the Rules Administrator under section 1.13(a) exceeds or is likely to exceed 3 months, the Rules Administrator must consult with persons whom the Rules Administrator reasonably considers will be likely to be affected by the proposed grant of additional time before making the grant.

Chapter 2. Registered Participants & Registration Processes

2.1 Purpose

This Chapter 2 provides for the appointment of the Rules Administrator and sets out and describes the various categories of Grid Participants and registration procedures, the primary obligations of Grid Participants and the consequences of non-compliance with the Market Rules. It also sets out the fees payable by Grid Participants.

2.2 Appointment of the Rules Administrator

Pursuant to section 360ZCY of the Water Act:

- (a) the QWC is declared to be the Rules Administrator for the purposes of these Market Rules, and the QWC shall have the functions, purposes, discretions, responsibilities, liabilities and immunities given to the Rules Administrator under these Market Rules; and
- (b) the Rules Administrator may delegate any of the Rules Administrator's functions under these Market Rules to any other person that the Rules Administrator considers appropriate, including the chief executive officer or another appropriately qualified officer of the Rules Administrator.

2.3 Who is a Grid Participant

A Grid Participant is a person who is:

- (a) a Grid Service Provider, Grid Customer or Distribution Service Provider; and
- (b) registered as a Grid Participant on the Register of Grid Participants under section 2.14.

2.4 Registration obligations of Deemed Grid Participant

- (a) A Deemed Grid Participant must, no later than 30 July 2010 submit to the Rules Administrator a registration form in the form approved by the Rules Administrator.
- (b) A Deemed Grid Participant is deemed to have satisfied the requirements for registration under sections 2.7, 2.11 and 2.12.

2.5 Registration categories

- (a) Any person (other than a Deemed Grid Participant) who provides a Declared Water Service must register with the Rules Administrator as a Grid Participant in the Grid Service Provider category in the appropriate sub-category for the type of Declared Water Service that the person provides (or will provide):
 - (i) if the person intends to provide Bulk Supply Services, the person must register as a Bulk Supplier;
 - (ii) if the person intends to provide Bulk Transport Services, the person must register as a Bulk Transporter; and
 - (iii) if the person intends to provide Manufactured Water Services, the person must register as a Manufactured Water Provider.
- (b) Any person (other than a Deemed Grid Participant) who wishes to be supplied water by the Water Grid Manager must register with the Rules Administrator as a Grid Participant in the Grid Customer category.

- (c) Any person (other than a Deemed Grid Participant) who distributes water supplied by a Declared Water Service and sold to a Grid Customer to an end-user of the water must register with the Rules Administrator as a Grid Participant in the Distribution Service Provider category.
- (d) A person must not participate in or in relation to the Market in a category set out in this section 2.5 unless the person is registered as a Grid Participant in that category.

2.6 Application for registration as a Grid Participant

A person wishing to apply for registration as a Grid Participant (**Applicant**) must:

- (a) submit an application to the Rules Administrator in the form approved by the Rules Administrator together with the following documents (if applicable to the category of registration in which the Applicant is applying to be registered):
 - (i) draft Operating Protocols prepared in accordance with sections 3.16 to 3.18;
 - (ii) a draft Grid Service Provider Emergency Response Plan prepared in accordance with sections 4.26 and 4.28 or Distribution Service Provider Emergency Response Plan prepared in accordance with sections 4.27 and 4.29 (as the case may be);
 - (iii) evidence of the Applicant's Grid Participant Risk Management Strategy in accordance with section 4.36;
 - (iv) a Drinking Water Quality Management Plan and Recycled Water Management Plan which has been approved, or will be approved, in accordance with the Water Supply Act;
 - (v) a Strategic Asset Management Plan which has been approved, or will be approved, in accordance with the Water Supply Act; and
 - (vi) the names and particulars of officers and employees of the Applicant who are authorised to receive notices for the purposes of these Market Rules and Grid Contract Documents; and
- (b) pay any Participant Fees payable in accordance with section 2.21.

2.7 Eligibility for registration as a Grid Participant

Subject to section 2.4, a person is not eligible for registration as a Grid Participant unless the person:

- (a) is a resident in, or has a permanent establishment in, Australia;
- (b) is not an Externally Administered Body Corporate or a Bankrupt or under a similar form of administration;
- (c) is not immune from suit in respect of the obligations of a Grid Participant under these Market Rules;
- (d) is capable of being sued in its own name in a court of Australia; and
- (e) can satisfy the Rules Administrator that the person is financially capable of meeting its obligations under these Market Rules, and the applicable Grid Contract Document.

2.8 Eligibility for registration as a Bulk Supplier

Subject to section 2.4, a person is not eligible for registration as a Bulk Supplier, unless the person satisfies the Rules Administrator that:

- (a) the person is a Water Service Provider;
- (b) the person is capable of meeting or exceeding the requirements of its Drinking Water Quality Management Plan and Recycled Water Management Plan (as applicable);
- (c) the person has developed a Grid Participant Risk Management Strategy in accordance with Section 4.36 that is consistent with the Water Grid Risk Management Plan and is capable of meeting or exceeding the requirements of its Grid Participant Risk Management Strategy;
- (d) the person has developed a Grid Service Provider Emergency Response Plan that is consistent with the Grid Emergency Response Plan and is capable of meeting or exceeding the requirements of its Grid Service Provider Emergency Response Plan; and
- (e) the person has complied with all other legislative and regulatory requirements applicable to its operations.

2.9 Eligibility for registration as a Bulk Transporter

Subject to section 2.4, a person is not eligible for registration as a Bulk Transporter, unless the person satisfies the Rules Administrator that:

- (a) the person is a Water Service Provider;
- (b) the person is capable of meeting or exceeding the requirements of its Drinking Water Quality Management Plan and Recycled Water Management Plan (as applicable);
- (c) the person has developed a Grid Participant Risk Management Strategy in accordance with section 4.36 that is consistent with the Grid Risk Management Plan and is capable of meeting or exceeding the requirements of its Grid Participant Risk Management Plan;
- (d) the person has developed a Grid Participant Emergency Response Plan that is consistent with the Water Grid Emergency Response Plan and is capable of meeting or exceeding the requirements of its Grid Participant Emergency Response Plan; and
- (e) the person has complied with all other legislative and regulatory requirements applicable to its operations.

2.10 Eligibility for registration as a Manufactured Water Provider

Subject to section 2.4, a person is not eligible for registration as a Manufactured Water Provider unless the person satisfies the Rules Administrator that:

- (a) the person is a Water Service Provider;
- (b) the person is capable of meeting or exceeding the requirements of its Drinking Water Quality Management Plan and Recycled Water Management Plan (as applicable);
- (c) the person has developed a Grid Participant Risk Management Strategy in accordance with section 4.36 that is consistent with the Water Grid Risk Management Plan and is capable of meeting or exceeding the requirements of its Grid Participant Risk Management Plan;
- (d) the person has developed a Grid Service Provider Emergency Response Plan that is consistent with the Water Grid Emergency Response Plan and is capable of meeting or exceeding the requirements of its Grid Participant Emergency Response Plan; and

- (e) the person has complied with all other legislative and regulatory requirements applicable to its operations.

2.11 Eligibility for registration as a Distribution Service Provider

Subject to section 2.4, a person is not eligible for registration as a Distribution Service Provider unless the person satisfies the Rules Administrator that:

- (a) the person is a Water Service Provider;
- (b) the person is capable of meeting or exceeding the requirements of its Drinking Water Quality Management Plan and Recycled Water Management Plan (as applicable);
- (c) the person has developed a Grid Participant Risk Management Strategy in accordance with section 4.36 that is consistent with the Water Grid Risk Management Plan and is capable of meeting or exceeding its Grid Participant Risk Management Plan;
- (d) the person has developed an Emergency Response Plan that is consistent with the Water Grid Emergency Response Plan and is capable of meeting or exceeding the requirements of its Emergency Response Plan; and
- (e) the person has complied with all other legislative and regulatory requirements applicable to its operations.

2.12 Eligibility for registration as a Grid Customer

Subject to section 2.4, a person is not eligible for registration as a Grid Customer unless the person satisfies the Rules Administrator that:

- (a) the person is capable of complying with the terms of the applicable Grid Contract Document;
- (b) the infrastructure to become the person's Customer Infrastructure is suitable for connection to the Water Grid; and
- (c) the person has complied with all other legislative and regulatory requirements applicable to its connection to the Water Grid.

2.13 Processing applications for registration

- (a) Following receipt of an application for registration in accordance with section 2.6, the Rules Administrator must consider the application and:
 - (i) notify an Applicant who has submitted an application for registration under section 2.6 (**Applicant**) within 20 Business Days of the date the application is received if the application is incomplete or if further information is required from the Applicant, and if so, particulars of the respects in which the application is incomplete and further information is required; and
 - (ii) assess, seek information regarding and approve, as though the Applicant were a Grid Participant in the relevant category:
 - (A) the draft Operating Protocols submitted by the Applicant, in accordance with section 3.19(b) and section 3.19(c);
 - (B) the draft Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan (as the case may be), in accordance with section 4.30; and

- (C) the draft Grid Participant Risk Management Plan, in accordance with section 4.36.
- (b) The Applicant must provide the further information required by the Rules Administrator in accordance with section 2.13(a)(i). If an Applicant fails to complete the application or provide the requested further information within 20 Business Days of notification under section 2.13(a), the application will be deemed to have been withdrawn.
- (c) The Rules Administrator must decide whether to register the Applicant within 20 Business Days of the last to occur of:
 - (i) the date the completed application was received;
 - (ii) the date the further information required by the Rules Administrator is provided; or
 - (iii) the date each relevant plan is approved in accordance with section 2.13(a)(ii).
- (d) The Rules Administrator must register an Applicant if the Rules Administrator:
 - (i) has approved in accordance with section 2.13(a)(ii) each of the plans that is relevant to the proposed category of registration of the Applicant;
 - (ii) is reasonably satisfied that the Applicant meets the eligibility requirements for the category; and
 - (iii) is reasonably satisfied that the Applicant can comply with the Market Rules.
- (e) If the Rules Administrator is not satisfied of the matters outlined in section 2.13(d)(ii) and 2.13(d)(iii), then the Rules Administrator must not register the Applicant and must provide the Applicant with written reasons for not registering the Applicant.

2.14 Rules Administrator to keep a register of Grid Participants

The Rules Administrator must keep a register of Grid Participants that includes:

- (a) the name of the Grid Participant;
- (b) the address of the Grid Participant;
- (c) the category of registration;
- (d) the date of registration; and
- (e) the names of Authorised Persons of the Grid Participant (as advised by the Grid Participant from time to time).

2.15 Registered Participants' rights and obligations

A Grid Participant:

- (a) may only engage in activities relating to the Water Grid within the category within which it is registered;
- (b) may engage in activities relating to the Water Grid in more than one category if it is registered in each of the relevant categories;
- (c) must comply with the Market Rules, Grid Contract Documents and Operating Protocols; and
- (d) must pay any Participant Fees payable in accordance with section 2.21.

2.16 Breach of Market Rules

- (a) If, in the opinion of the Rules Administrator, a Grid Participant has failed to comply with its obligations under these Market Rules, the Rules Administrator may issue a notice to the relevant Grid Participant (**Breach Notice Recipient**) specifying the obligation with which the Grid Participant is alleged to have failed to comply, and a timeframe within which the alleged breach must be rectified (**Breach Notice**) no later than 20 Business Days after the Rules Administrator becomes aware of the alleged failure to comply with these Market Rules.
- (b) Within 10 Business Days of receipt of a Breach Notice (or such further time as the Rules Administrator in its sole discretion considers appropriate), a Breach Notice Recipient must:
 - (i) request the Rules Administrator to reconsider its opinion under section 2.16(a) and specify the grounds for the request;
 - (ii) provide evidence to the satisfaction of the Rules Administrator that it has rectified the breach; or
 - (iii) provide, to the satisfaction of the Rules Administrator, details of a plan of work to be undertaken in order to rectify the breach.
- (c) If a Breach Notice Recipient requests the Rules Administrator in accordance with section 2.16(b)(i), the Rules Administrator must, within 10 Business Days, reconsider its opinion under section 2.16(a) taking into account the request under section 2.16(b)(i). Within 10 Business Days of a determination in accordance with this section 2.16(c) that the Breach Notice Recipient has not complied with its obligations under these Market Rules, the Breach Notice Recipient must take action in accordance with section 2.16(b)(ii) or 2.16(b)(iii).
- (d) The Rules Administrator must withdraw a Breach Notice if:
 - (i) the Rules Administrator is satisfied that the Breach Notice Recipient has remedied the breach; or
 - (ii) the Breach Notice Recipient requests the Rules Administrator to reconsider its opinion in accordance with section 2.16(b)(i) and the Rules Administrator determines in accordance with section 2.16(c), that no breach has occurred.
- (e) The Rules Administrator must issue a notice to the Breach Notice Recipient requiring that the breach be remedied within the time specified in the Breach Notice or such longer time as the Rules Administrator in its sole discretion considers appropriate (**Compliance Notice**) if:
 - (i) following provision of evidence in accordance with section 2.16(b)(ii) the Rules Administrator is not satisfied that the Breach Notice Recipient has remedied or will remedy the breach within the timeframe specified in the Breach Notice; or
 - (ii) following provision of a plan of works in accordance with section 2.16(b)(iii):
 - (A) the Rules Administrator is not satisfied that the plan of works is sufficient to remedy the breach; or
 - (B) the Rules Administrator considers that the works outlined in the plan of works have not been carried out in accordance with the plan of works; or

- (iii) the Breach Notice Recipient fails to take any of the actions required under section 2.16(b).
- (f) Subject to section 2.17, the Rules Administrator must issue a notice to the person requiring that the breach be remedied within such further period as the Rules Administrator in its sole discretion considers appropriate (**Second Compliance Notice**) if the Breach Notice Recipient fails to comply with a Compliance Notice.
- (g) Subject to section 2.17, the Rules Administrator may, in its sole discretion, by written notice:
 - (i) cancel the Breach Notice Recipient's registration under these Market Rules (**Cancellation Notice**); or
 - (ii) suspend, for any period of time, the Breach Notice Recipient's registration under these Market Rules (**Suspension Notice**),
 if the Breach Notice Recipient fails to comply with a Second Compliance Notice in accordance with its terms.
- (h) If a Breach Notice Recipient's registration is suspended under section 2.16(g), the Rules Administrator:
 - (i) must withdraw the Suspension Notice, if the Rules Administrator is satisfied that the Breach Notice Recipient has remedied the breach prior to the expiration of the time for the suspension specified in the Suspension Notice; and
 - (ii) may, in its sole discretion, issue a Cancellation Notice if the Rules Administrator is not satisfied that the Breach Notice Recipient has remedied the breach following the expiration of the time for the suspension specified in the Suspension Notice.

2.17 Step in rights

- (a) If the Rules Administrator is entitled:
 - (i) to issue a Second Compliance Notice under section 2.16(f); or
 - (ii) to issue a Cancellation Notice or a Suspension Notice under section 2.16(g) or 2.16(h),
 the Rules Administrator may, in its discretion, instead of or in addition to, exercising its rights and performing its duties under sections 2.16(f), 2.16(g) or 2.16(h), appoint a person (**Controller**) to step in, rectify and operate the Breach Notice Recipient's Infrastructure in accordance with this section 2.17.
- (b) The Rules Administrator must give notice of the appointment of a Controller to the Breach Notice Recipient.
- (c) The Breach Notice Recipient must permit the Controller to:
 - (i) take possession and control of the relevant Infrastructure;
 - (ii) enter upon the land of the Controller for that purposes;
 - (iii) undertake as agent and attorney (and at the expense of the Breach Notice Recipient) such works and repairs, and to perform such functions, as may be necessary or incidental to the remedying or rectification of the matters the subject

of the Breach Notice, and otherwise comply with these Market Rules, the Grid Contract Documents and the obligations of the Breach Notice Recipient.

- (d) The Breach Notice Recipient will be liable for and the Rules Administrator may, on behalf of the Controller, invoice the Breach Notice Recipient for all costs, charges and expenses incurred by the Controller in the exercise of its rights or the discharge of its duties under this section 2.17.
- (e) The Rules Administrator may, by notice to the relevant Breach Notice Recipient, terminate the appointment of a Controller at any time, and must terminate that appointment promptly upon the remedying of the matters the subject of the relevant Breach Notice.
- (f) The appointment by the Rules Administrator of a Controller does not prejudice in any way the rights of the Rules Administrator under these Market Rules.
- (g) The appointment of a Controller and the exercising or purported exercise by a Controller of its rights and obligations under this section 2.17 shall not excuse the Breach Notice Recipient from its obligations under these Market Rules.

2.18 Ceasing to be a Grid Participant

- (a) A Grid Service Provider may only withdraw from registration as a Grid Participant if the Grid Service Provider:
 - (i) permanently ceases to provide a Declared Water Service; and
 - (ii) provides to the Rules Administrator a Statutory Declaration swearing its intention to permanently cease to provide a Declared Water Service.
- (b) A Grid Customer may only withdraw from registration as a Grid Participant if the Grid Customer:
 - (i) permanently ceases its operations; and
 - (ii) provides to the Rules Administrator a Statutory Declaration swearing that the Grid Customer can meet its requirements for water for the next 3 years from water supplies not forming part of the Water Grid.
- (c) A Distribution Service Provider may only withdraw from registration as a Grid Participant if the Distribution Service Provider:
 - (i) permanently ceases its operations; and
 - (ii) provides to the Rules Administrator a Statutory Declaration swearing its intention to permanently cease its operations; and
 - (iii) obtains a Statutory Declaration sworn for and on behalf of each Grid Customer that was receiving distribution services from the Distribution Service Provider stating that the Grid Customer is able to connect to the Water Grid without the assistance of the Distribution Service Provider or is able to obtain sufficient distribution services and connection to the Water Grid from another Distribution Service Provider and no longer needs the services of the Distribution Services Provider and provides such Statutory Declarations to the Rules Administrator.
- (d) If a Grid Participant wishes to withdraw from registration as a Grid Participant, the Grid Participant must give written notice (**Withdrawal Notice**) to the Rules Administrator and

satisfy the Rules Administrator of the matters set out in section 2.18(a) to 2.18(c) (as the case may be).

- (e) Within 10 Business Days from receipt of a Withdrawal Notice from a Grid Participant the Rules Administrator must notify the Grid Participant if it is not satisfied of the matters set out in section 2.18(a) to 2.18(c) (as the case may be) and does not accept the Grid Participant's Withdrawal Notice.
- (f) If the Rules Administrator does not issue a notice under section 2.18(e), the Grid Participant will cease to be registered on the later of:
 - (i) the date which is 20 Business Days from the date of receipt of the Withdrawal Notice by the Rules Administrator;
 - (ii) the date that all payments due by it under the Market Rules have been paid; or
 - (iii) the date specified in the Withdrawal Notice.

2.19 Survival of liabilities and obligations

A Grid Participant whose registration is cancelled in accordance with section 2.16 or who ceases to be a registered Grid Participant in accordance with section 2.18 remains subject to its liabilities under the Market Rules which arose while a Grid Participant regardless of when the claim is made and despite ceasing to be a Grid Participant.

2.20 Grid Participants and Water Grid Manager remain responsible

A Grid Participant and the Water Grid Manager may enter into contracts with other parties for the performance of one or more of their obligations under these Market Rules. However, such Grid Participant or the Water Grid Manager (as the case may be) shall remain liable for ensuring that it complies with its obligations under these Market Rules despite entry into any such contract.

2.21 Water Grid Participant Fees

- (a) The Rules Administrator may charge, and Grid Participants must pay, market participation fees in accordance with this section 2.21 (**Participant Fees**).
- (b) The Rules Administrator may in its discretion:
 - (i) no later than 30 May each year, submit an application to the Minister for approval of proposed Participant Fees for the next Financial Year; and
 - (ii) at any time, submit an application to the Minister for approval of a proposed variation to the Participant Fees in effect at the time.
- (c) An application submitted to the Minister under section 2.21(b) must be accompanied by a copy of the final report prepared in accordance with section 2.21(g) and any other information that the Rules Administrator considers is relevant to its application.
- (d) Before submitting an application to the Minister under section 2.21(b), the Rules Administrator must prepare a draft report setting out, in respect of the services it provides to Grid Participants:
 - (i) its actual and expected costs, expenditure and revenue in relation to its administration of the Market, including administration of these Market Rules;
 - (ii) the proposed Participant Fees to be payable by Grid Participants and the period during which those Participant Fees will apply;

- (iii) the method used to determine the proposed Participant Fees including a mechanism to recover excess costs or return surplus revenues from previous periods; and
 - (iv) an assessment of the extent to which the proposed Participant Fees comply with the requirements of this section 2.21.
- (e) The Rules Administrator must provide a copy of the draft report to the Minister and publish, in the manner determined by the Rules Administrator from time to time, a copy of the report.
- (f) Any person may make a submission to the Rules Administrator in relation to the draft report no later than 20 Business Days after the draft report is made available in accordance with section 2.21(e).
- (g) The Rules Administrator must consider any submissions received in accordance with section 2.21(f) and prepare a final report including:
 - (i) summaries of submissions received in accordance with section 2.21(f);
 - (ii) a summary of the process of consultation undertaken by the Rules Administrator in relation to preparation of the final report; and
 - (iii) such other matters as the Rules Administrator considers appropriate.
- (h) The Rules Administrator may determine Participant Fees for such period or periods as the Rules Administrator considers appropriate. For avoidance of doubt, a period referred to in this section may be a Financial Year or any greater or lesser period than a Financial Year.
- (i) The Rules Administrator may, as it considers appropriate, determine Participant Fees by reference to the following matters:
 - (i) costs that it has incurred;
 - (ii) reasonable estimates of costs that it has incurred;
 - (iii) reasonable estimates of future costs and expenditure for the period during which the Participant Fees apply; and
 - (iv) such other matters as the Rules Administrator considers appropriate.
- (j) In determining Participant Fees the Rules Administrator is not obliged to determine the Participant Fees for each category of registration on the same basis or to determine an equal or equivalent Participant Fee for each category of registration.
- (k) If Participant Fees paid to the Rules Administrator for a period are more than or less than the costs incurred by the Rules Administrator for that period, the Rules Administrator must carry forward and account for the difference in determining the Participant Fees for a subsequent period or periods.
- (l) Following receipt of an application by the Rules Administrator for approval of a Participant Fees under section 2.21(b), the Minister may:
 - (i) undertake such consultation in relation to the application as the Minister considers appropriate;
 - (ii) request the Rules Administrator to provide such further information as the Minister requires to assess the basis for the proposed Participant Fees;

- (iii) approve the proposed Participant Fees or determine Participant Fees that are more or less than, or calculated on a different basis from the proposed Participant Fees; and
 - (iv) notify the Rules Administrator of the Minister's decision.
- (m) The Rules Administrator must publish a copy of the Minister's decision notified in accordance with section 2.21(1) in the manner determined by the Rules Administrator.
- (n) Following approval or determination of Participant Fees by the Minister in accordance with section 2.21(1), Participant Fees take effect:
- (i) in the case of an application submitted under section 2.21(b)(i), from the start of the Financial Year to which those Participant Fees are to apply; and
 - (ii) in the case of an application submitted under section 2.21(b)(ii), from the date on which the Minister approves or determines the Participant Fees or any later date specified in the application.

2.22 Grid Customer security requirements

- (a) Each Grid Customer must, within 20 Business Days following 30 June of each year, provide to the Water Grid Manager such evidence as may reasonably be required by the Water Grid Manager to determine whether the Grid Customer meets the Prudential Requirements.
- (b) If the Water Grid Manager is not satisfied that a Grid Customer meets the Prudential Requirements, the Water Grid Manager may require the Grid Customer to provide Security by giving notice to the Grid Customer within 10 Business Days of the Water Grid Manager's receipt of the evidence required to be provided under section 2.22(a).
- (c) If a Grid Customer receives a Security Notice, the Grid Customer must provide the Water Grid Manager with Security with a total value of not less than the Security Amount naming the Water Grid Manager as beneficiary within 10 Business Days of its receipt of the Security Notice.
- (d) If a Grid Customer fails to pay any amount of the Charges owing to Water Grid Manager under the Grid Customer's Grid Contract Document within the time specified for payment in the relevant invoice, the Water Grid Manager may, provided a notice requiring remedy of the payment default has been given to the Grid Customer and the Grid Customer has failed to remedy the default within the time specified in that notice, have recourse to the Security provided by the Grid Customer to recover the amount owing.
- (e) If the Water Grid Manager has recourse to the Security provided by a Grid Customer under this section 2.22, the Grid Customer must provide additional Security to the Water Grid Manager within 10 Business Days of the date the Water Grid Manager has recourse to the Security so that the total value of the Security held by the Water Grid Manager in respect of the Grid Customer is not less than the Security Amount.
- (f) The Water Grid Manager must release the Security provided by the Grid Customer within 5 Business Days of the Water Grid Manager's receipt of a written request from the Grid Customer to do so, provided:
 - (i) the term of the Grid Customer's Grid Contract Document has expired or otherwise terminated; and

- (ii) the Grid Customer has paid all Charges owing to the Water Grid Manager under its Grid Contract Document.
- (g) All costs (including, all stamp duty or other taxes) incidental or relating to the Security required to be provided under this section 2.22 must be borne by the Grid Customer.
- (h) The rights of the Water Grid Manager under this section 2.22 are in addition, and without prejudice, to any of its other rights under these Market Rules and the relevant Grid Contract Document.

2.23 Water Grid Manager security requirements

- (a) The Water Grid Manager must, within 20 Business Days following 30 June of each year, provide to each:
 - (i) Grid Service Provider; and
 - (ii) Distribution Service Provider to whom Transportation Service Charges are payable by the Water Grid Manager under its Grid Contract Document,

such evidence as may reasonably be required by each Grid Service Provider and Distribution Service Provider to determine whether the Water Grid Manager meets the Prudential Requirements.
- (b) If a Grid Service Provider or Distribution Service Provider is not satisfied that the Water Grid Manager meets the Prudential Requirements, the Grid Service Provider or Distribution Service Provider may require the Water Grid Manager to provide Security by giving notice to the Water Grid Manager within 10 Business Days of the Grid Service Provider's or Distribution Service Provider's receipt of the evidence required to be provided under section 2.23(a).
- (c) If the Water Grid Manager receives a Security Notice, the Water Grid Manager must provide the Grid Service Provider or Distribution Service Provider that gave the Security Notice with Security with a total value of not less than the Security Amount naming the Grid Service Provider or Distribution Service Provider as beneficiary within 10 Business Days of its receipt of the Security Notice.
- (d) If the Water Grid Manager fails to pay any amount of the Grid Service Charges owing to the Grid Service Provider or Distribution Service Provider under the Grid Service Provider's or Distribution Service Provider's Grid Contract Document within the time specified for payment in the relevant invoice, the Grid Service Provider or Distribution Service Provider may, provided a notice requiring remedy of the payment default has been given to the Water Grid Manager and the Water Grid Manager has failed to remedy the default within the time specified in that notice, have recourse to the Security provided by the Water Grid Manager to recover the amount owing.
- (e) If the Grid Service Provider or Distribution Service Provider has recourse to the Security provided by the Water Grid Manager under this section 2.23, the Water Grid Manager must provide additional Security to the Grid Service Provider or Distribution Service Provider within 10 Business Days of the date the Grid Service Provider or Distribution Service Provider has recourse to the Security so that the total value of the Security held by the Grid Service Provider or Distribution Service Provider is not less than the Security Amount.

- (f) The Grid Service Provider or Distribution Service Provider must release the Security provided by the Water Grid Manager within 5 Business Days of the Grid Service Provider's or Distribution Service Provider's receipt of a written request from the Water Grid Manager to do so, provided:
 - (i) the term of the Grid Service Provider's or Distribution Service Provider's Grid Contract Document has expired or otherwise terminated; and
 - (ii) the Water Grid Manager has paid all Grid Service Charges owing to the Grid Service Provider or Distribution Service Provider under its Grid Contract Document.
- (g) All costs (including, all stamp duty or other taxes) incidental or relating to the Security required to be provided under this section 2.23 must be borne by the Water Grid Manager.
- (h) The rights of a Grid Service Provider or Distribution Service Provider under this section 2.23 are in addition, and without prejudice, to any of its other rights under these Market Rules and the relevant Grid Contract Document.

2.24 Retiring Grid Participants

On 1 July 2010:

- (a) a Retiring Grid Participant ceases to be registered;
- (b) any application under these Market Rules for approval of any document:
 - (i) made by a Retiring Grid Participant; or
 - (ii) to which a Retiring Grid Participant was a party,is deemed to have been withdrawn; and
- (c) a Deemed Grid Participant may submit, in its own name, any application for approval of any document which is deemed to have been withdrawn under section 2.24(b).

Chapter 3. The Market

3.1 Purpose

This Chapter 3 sets out the roles and obligations of:

- (a) the Rules Administrator;
- (b) the Water Grid Manager; and
- (c) Grid Participants,

and the procedure for development of Operating Protocols by Grid Participants.

3.2 Market design principles

- (a) These Market Rules have been designed to:
 - (i) ensure the efficient use of the Water Grid;
 - (ii) facilitate water sharing across the SEQ Region and improvements in regional co-ordination of water supplies leading to greater water supply security for the SEQ Region;
 - (iii) assist in achieving the desired levels of service objectives provided for in the Regional Water Security Program and the System Operating Plan; and
 - (iv) ensure the costs of the Water Grid are shared amongst water users in the SEQ Region,(each a '**Market Outcome**' and together the '**Market Outcomes**').
- (b) The Rules Administrator, Water Grid Manager and Grid Participants must perform their functions under these Market Rules so as to achieve the Market Outcomes.

3.3 Rules Administrator's obligations

The Rules Administrator must:

- (a) perform all of its obligations under these Market Rules;
- (b) enforce the Market Rules in accordance with section 2.16 and 2.17;
- (c) report to the Minister on the efficacy of the Market Rules in achieving Market Outcomes in accordance with section 3.4; and
- (d) propose and implement changes to the Market Rules in accordance with Chapter 10.

3.4 Reporting by the Rules Administrator

- (a) The Rules Administrator must report to the Minister on the efficacy of the Market Rules in achieving the Market Outcomes for the previous Financial Year (**Rules Administrator's Annual Market Rules Review**).
- (b) The Rule Administrator must submit the Rules Administrator's Annual Market Rules Review no later than 30 November each year or by such other time as the Minister may determine.
- (c) The Rules Administrator's Annual Market Rules Review must be based on information provided by the Water Grid Manager under section 3.6 and identify:

- (i) the extent to which the Market Rules have achieved and are likely to achieve the Market Outcomes;
- (ii) the reasons for any failure or likely failure to achieve the Market Outcomes; and
- (iii) any proposals for changes to the Market Rules to better ensure that the Market Outcomes will be achieved.

3.5 Water Grid Manager's obligations

The Water Grid Manager must:

- (a) perform all of its obligations under these Market Rules and Grid Contract Documents;
- (b) comply with, and not do anything inconsistent with, all of the Documents;
- (c) administer and enforce Grid Contract Documents entered into with Grid Participants;
- (d) issue Grid Instructions to Grid Participants in accordance with Chapter 4;
- (e) monitor compliance with Grid Instructions;
- (f) develop and manage the Water Grid Emergency Response Plan and Water Grid Risk Management Plan in accordance with Chapter 4;
- (g) co-ordinate the development of the Water Grid Drinking Water Quality Management Plan in accordance with Chapter 5; and
- (h) report to the Rules Administrator on the operation of the Water Grid in accordance with section 3.6.

3.6 Water Grid Manager's advisory and reporting functions

- (a) The Water Grid Manager must:
 - (i) advise the Rules Administrator and Grid Participants on system capacity constraints and reliability issues from time to time as required;
 - (ii) report to the Rules Administrator on the status of the Market for the previous Financial Year (**Water Grid Manager's Annual Market Rules Review**);
 - (iii) submit the Water Grid Manager's Annual Market Rules Review no later than 30 September each year or such later time as the Rules Administrator determines; and
 - (iv) provide to the Rules Administrator such other information and reports on such other matters as the Rules Administrator, acting reasonably, may require.
- (b) The Water Grid Manager's Annual Market Rules Review must include the following information:
 - (i) projections of aggregate demand for water from the Water Grid over the next 3 years;
 - (ii) projections of the capabilities of Grid Service Providers to provide Bulk Supply Services, Manufactured Water Services and Bulk Transport Services (as the case may be) over the next 3 years;
 - (iii) an assessment of levels of compliance with, and effectiveness of, the Water Grid Emergency Response Plan, Water Grid Quality Management Plan and Water Grid Risk Management Plan;

- (iv) levels of compliance with Grid Instructions, Operating Protocol and Grid Contract Documents by Grid Participants; and
- (v) any submissions made by Grid Participants relating to any of the matters listed in paragraphs (i) to (iv) of this section 3.6.

3.7 Grid Service Providers' obligations

Each Grid Service Provider must:

- (a) perform all of its obligations under these Market Rules, Grid Contract Documents and Operating Protocols;
- (b) operate and maintain its Infrastructure in accordance with Good Operating Practice;
- (c) comply with, and not do anything inconsistent with, all of the Documents;
- (d) if required by the Water Grid Manager, report to the Water Grid Manager on the operation of the Water Grid and on any such matters as the Water Grid Manager, acting reasonably, may require;
- (e) upon a written request from the Water Grid Manager or Rules Administrator, provide within a stated and reasonable timeframe, information or additional information to enable the Water Grid Manager or Rules Administrator to meet its obligations or perform its functions including under the Water Act, the Water Supply Act, the Restructuring Act or the Market Rules; and
- (f) make water quality data available in the form required by the Water Grid Manager for periodic public reporting, disclosure to other entities or for management of the Water Grid.

3.8 Bulk Supplier's obligations

In addition to its obligations under section 3.7, a Bulk Supplier must:

- (a) use best endeavours to agree Operating Protocols with each other Grid Participant with whom the Bulk Supplier's operations interact, and review Operating Protocols in accordance with this Chapter 3;
- (b) ensure that its Infrastructure is at all times able to comply with Grid Instructions and Operating Instructions;
- (c) make available water which meets the water quality specifications set out in its Drinking Water Quality Management Plan, any applicable Grid Contract Document and Operating Protocols; and
- (d) issue Operating Instructions in accordance with Chapter 4.

3.9 Manufactured Water Provider's obligations

In addition to its obligations under section 3.7, a Manufactured Water Provider must:

- (a) use best endeavours to agree Operating Protocols with each other Grid Participant with whom the Manufactured Water Provider's operations interact, and review Operating Protocols in accordance with this Chapter 3;
- (b) ensure that its Infrastructure is at all times able to comply with Grid Instructions and Operating Instructions;

- (c) make available water which meets the water quality specifications set out in its Drinking Water Quality Management Plan, Recycled Water Management Plan, any applicable Grid Contract Document and Operating Protocols; and
- (d) issue Operating Instructions in accordance with Chapter 4.

3.10 Bulk Transporter's obligations

In addition to its obligations under section 3.7, a Bulk Transporter must:

- (a) use best endeavours to agree Operating Protocols with each other Grid Participant with whom the Bulk Transporter's operations interact, and review Operating Protocols in accordance with this Chapter 3;
- (b) ensure that its Infrastructure is at all times able to comply with Grid Instructions and Operating Instructions;
- (c) make available water which meets the water quality specifications set out in its Drinking Water Quality Management Plan, Recycled Water Management Plan, any applicable Grid Contract Document and Operating Protocols; and
- (d) issue Operating Instructions in accordance with Chapter 4.

3.11 Distribution Service Provider obligations

Each Distribution Service Provider must:

- (a) perform all of its obligations under these Market Rules, Grid Contract Documents and Operating Protocols;
- (b) operate and maintain Infrastructure used for connection to the Water Grid in accordance with Good Operating Practice;
- (c) comply with, and not do anything inconsistent with, all of the Documents;
- (d) report to the Water Grid Manager on the operation of the Water Grid and on any such matters as the Water Grid Manager, acting reasonably, may require;
- (e) upon a written request from the Water Grid Manager or Rules Administrator, provide within a stated and reasonable timeframe, information or additional information to enable the Water Grid Manager or Rules Administrator to meet its obligations or perform its functions including under the Water Act, the Water Supply Act, the Restructuring Act or the Market Rules;
- (f) use best endeavours to agree Operating Protocols with each other Grid Participant with whom the Distribution Service Provider's operations interact, and review Operating Protocols in accordance with this Chapter 3;
- (g) ensure that its Infrastructure is at all times able to comply with Grid Instructions and Operating Instructions; and
- (h) issue Operating Instructions in accordance with Chapter 4.

3.12 Grid Customers' obligations

Each Grid Customer must:

- (a) perform all of its obligations under these Market Rules, Grid Contract Documents and Operating Protocols;

- (b) operate and maintain its Customer Owned Infrastructure in accordance with Good Operating Practice;
- (c) comply with, and not do anything inconsistent with, any of the Documents;
- (d) report to the Water Grid Manager on the operation of the Water Grid and on any such matters as the Water Grid Manager, acting reasonably, may require;
- (e) upon a written request from the Water Grid Manager or Rules Administrator, provide within a stated and reasonable timeframe, information or additional information to enable the Water Grid Manager or Rules Administrator to meet its obligations or perform its functions including under the Water Act, the Water Supply Act, the Restructuring Act or the Market Rules;
- (f) use best endeavours to agree Operating Protocols with each other Grid Participant with whom the Grid Customer's operations interact and review Operating Protocols in accordance with this Chapter 3; and
- (g) ensure that its Customer Infrastructure is at all times able to comply with Operating Instructions.

3.13 Meaning of Good Operating Practice

'Good Operating Practice' means, in relation to a Grid Participant, the reasonable and prudent practices, methods and acts commonly engaged in by water service providers operating comparable infrastructure of comparable size to the Grid Participant's Infrastructure and providing services equivalent to those provided by the relevant Grid Participant, and include taking reasonable steps to ensure that:

- (a) appropriate storage management practices are implemented so that the Grid Participants meet their obligations under the Market Rules, relevant Grid Contract Documents and relevant Operating Protocols;
- (b) sufficient, adequately experienced and trained operating personnel are available to operate the Infrastructure properly and efficiently taking into account any manufacturer guidelines and specifications for components of the Infrastructure;
- (c) reasonable preventative, routine and non-routine maintenance and repairs are performed (taking into account any manufacturer guidelines and specifications) by knowledgeable, trained and experienced personnel using suitable equipment, tools and procedures;
- (d) appropriate monitoring and testing is done to ensure equipment is functioning as designed;
- (e) plant and equipment is operating in a manner that:
 - (i) is safe to workers, employees, contractors, the public and Grid Participants;
 - (ii) does not unnecessarily damage the environment;
 - (iii) does not cause damage to plant and equipment over and above normal wear and tear; and
 - (iv) does not damage or interfere with the operation of other plant and equipment;
- (f) there is a periodic identification and assessment of risks associated with the maintenance and operation of the Infrastructure;

- (g) strategies are implemented to manage identified risks associated with the maintenance and operation of the Infrastructure;
- (h) there is appropriate detailed documentation of constructed infrastructure and other assets comprising the Infrastructure to allow proper future repairs and maintenance; and
- (i) there is appropriate documentation of operation and maintenance requirements for the assets comprising the Infrastructure.

3.14 Not used

3.15 Category B Customer contracts

- (a) The Rules Administrator may from time to time publish criteria for the establishment of a class of customers known as 'Category B Customers' and shall, when so doing, publish the rights, obligations, priorities and privileges to be given to those customers in distinction to the remaining Grid Customers.
- (b) If the Water Grid Manager is considering the supply of water to Category B Grid Customers, the Water Grid Manager must:
 - (i) notify the QWC of its intention to supply water to a Category B Grid Customer;
 - (ii) provide advice to the QWC on proposed terms and conditions for the supply of water to the Category B Grid Customer; and
 - (iii) request the approval of the QWC that the supply of water to a Category B Grid Customer on the terms proposed by the Water Grid Manager will be consistent with the System Operating Plan.
- (c) If the Water Grid Manager receives approval from the QWC in accordance with section 3.15(b), the Water Grid Manager must:
 - (i) notify the Minister of its intention to supply water to a Category B Grid Customer; and
 - (ii) provide to the Minister for approval the proposed terms and conditions approved by the QWC for the supply of water to the Category B Grid Customer.

3.16 Development of Operating Protocol

Each Grid Participant must use its best endeavours to agree the terms of an Operating Protocol with each other Grid Participant with whom the Grid Participant's operations interact and have each Operating Protocol approved in accordance with section 3.19.

3.17 Requirements for Operating Protocol

An Operating Protocol must set out the allocation of responsibility for all matters necessary to ensure each Grid Participant is able to perform its obligations under these Market Rules including:

- (a) requirements for notification, including timing and manner of publication of:
 - (i) operational capacities and constraints;
 - (ii) periodic volume requirements; and
 - (iii) Operating Instructions;
- (b) requirements for management of peak daily demand, flow rates and pressure;
- (c) requirements relating to maintenance and asset reliability;

- (d) access arrangements required to enable performance of obligations imposed by the Market Rules and Grid Contract Documents;
- (e) installation, operation and maintenance of interconnection works, including any arrangements for sharing the costs of or incidental to the installation, operation and maintenance of interconnection works;
- (f) requirements for water quality indicator values associated with maintaining the operation of assets and equipment in accordance with Good Operating Practice;
- (g) any requirements that a Grid Participant has in relation to notification of changes in water quality;
- (h) operation of manual and automated system control processes; and
- (i) any other matters required by the Operating Protocol Guideline or Good Operating Practice.

3.18 Guidelines for Operating Protocol

- (a) The Rules Administrator must publish, in a manner determined by the Rules Administrator, draft guidelines for the content and form of Operating Protocols (**Operating Protocol Guideline**), which may include a template form of Operating Protocol to be used by Grid Participants.
- (b) Grid Participants and the Water Grid Manager may submit written comments to the Rules Administrator on the draft Operating Protocol Guideline within the timeframe specified by the Rules Administrator at the time it is published under section 3.18(a).
- (c) The Rules Administrator must consider any comments received from Grid Participants or the Water Grid Manager in accordance with section 3.18(b), prepare a final Operating Protocol Guideline and publish it in a manner determined by the Rules Administrator by not later than 31 January 2012.
- (d) A Grid Participant must ensure that its Operating Protocol is consistent with the Operating Protocol Guidelines.

3.19 Approval of Operating Protocol

- (a) Operating Protocols that have been agreed between Grid Participants whose operations interact must be submitted to the Water Grid Manager for approval. One Grid Participant may submit an Operating Protocol on behalf of another Grid Participant provided that the written consent of the other Grid Participant is submitted together with the Operating Protocol, in which case the obligation of each of the Grid Participants under this section 3.19 will be satisfied.
- (b) The Water Grid Manager must, within 60 Business Days of the date that an Operating Protocol is submitted in accordance with section 3.19(a) or resubmitted in accordance with section 3.19(c), either:
 - (i) approve the Operating Protocol if the Operating Protocol submitted under section 3.19(a) is in the opinion of the Water Grid Manager consistent with the Operating Protocol Guideline and Good Operating Practice and satisfies the requirements of section 3.17; or
 - (ii) provide the relevant Grid Participants with comments on the extent to which the draft Operating Protocol is, in the opinion of the Water Grid Manager, inconsistent

with the Operating Protocol Guideline or Good Operating Practice or does not satisfy the requirements of section 3.17 ('**Remedy Notice**').

- (c) The relevant Grid Participant must amend the Operating Protocol to address the matters set out in a Remedy Notice and resubmit the amended Operating Protocol to the Water Grid Manager for approval no later than 20 Business Days after receipt of a Remedy Notice.
- (d) If a Grid Participant has not submitted an Operating Protocol for approval in accordance with section 3.19(a) by 31 January 2012, the matter may be referred for determination in accordance with the Stage 2 Dispute Resolution Procedure by the Grid Participant, the other Grid Participant with whom the Grid Participant's operations interact or the Water Grid Manager. The referral must be made by notice to:
 - (i) in the case of a referral by the Water Grid Manager – the relevant Grid Participants; and
 - (ii) in the case of a referral by a Grid Participant – the Water Grid Manager and the other relevant Grid Participant.
- (e) A Grid Participant or the Water Grid Manager may refer the terms of an Operating Protocol for determination in accordance with the Stage 2 Dispute Resolution Procedure if the Water Grid Manager has not approved an amended Operating Protocol resubmitted under section 3.19(c). The referral must be made by notice to:
 - (i) in the case of a referral by the Water Grid Manager – the relevant Grid Participants; and
 - (ii) in the case of a referral by a Grid Participant – the Water Grid Manager and the other relevant Grid Participant.
- (f) Where the Water Grid Manager or a Grid Participant (as the case may be) refers the terms of an Operating Protocol for determination in accordance with the Stage 2 Dispute Resolution Procedure, it must provide the expert with:
 - (i) a copy of any Operating Protocol submitted for approval under section 3.19(a);
 - (ii) a copy of any amended Operating Protocol resubmitted under section 3.19(c); and
 - (iii) a copy of any Remedy Notice given by the Water Grid Manager under section 3.19(b)(ii),and the expert must determine the terms of the Operating Protocol consistent with Good Operating Practice and the requirements of section 3.17.
- (g) The determination of the expert is final and binding on the Grid Participants but is not binding on the Water Grid Manager in making a decision under section 3.19(b).
- (h) The relevant Grid Participants must submit the terms of an Operating Protocol determined by an expert to the Water Grid Manager for approval under this section 3.19.
- (i) Notwithstanding section 9.2(b) and section 9.2(c), the Stage 1 Dispute Resolution Procedure and Stage 3 Dispute Resolution Procedure do not apply to the determination of the terms of an Operating Protocol by an expert or the Water Grid Manager's approval or failure to approve an Operating Protocol under this section 3.19.

3.20 Amendment of Operating Protocol

- (a) A Grid Participant:
 - (i) may submit an amendment proposed to be made to an Operating Protocol approved by the Water Grid Manager under section 3.19 to the Water Grid Manager for approval at any time; and
 - (ii) must use its best endeavours to agree, and submit to the Water Grid Manager for approval as soon as reasonable practicable, amendments to the terms of an Approved Operating Protocol if, at any time, the Grid Participant considers the Operating Protocol is inconsistent with the Operating Protocol Guidelines, Good Operating Practice or the requirements of section 3.17.
- (b) Section 3.19 will apply to any proposed amendment to an Operating Protocol submitted to the Water Grid Manager as though it were a draft Operating Protocol.

3.21 Compliance with Operating Protocol

A Grid Participant must:

- (a) comply with any draft Operating Protocol it has submitted for approval in accordance with section 3.19(a) until the Operating Protocol is approved in accordance with section 3.19;
- (b) comply with any Interim Operating Arrangement until an Operating Protocol is approved in accordance with section 3.19;
- (c) comply with its Operating Protocol (as amended in accordance with section 3.20) following its approval in accordance with section 3.19); and
- (d) immediately notify the Water Grid Manager of any breach of an Interim Operating Arrangement or Operating Protocol approved in accordance with section 3.19.

3.22 Failing to comply with Grid Instruction, Operating Instruction or Operating Protocol

Any failure to comply with a Grid Instruction, Grid Contract Document, Operating Protocol or Operating Instruction will, unless excused under these Market Rules, be treated as a breach of these Market Rules and may result in penalties under the Water Act or suspension or cancellation of registration or other action in accordance with sections 2.16 and 2.17 of these Market Rules.

3.23 Limitation of liability

- (a) To the extent permitted by law, the Water Grid Manager is not liable for any loss, damage or liability suffered or incurred by a Grid Participant or any other person as a consequence of any act or omission of the Water Grid Manager which was done in good faith in connection with the approval or deemed approval of a Distribution Service Provider Emergency Response Plan, Grid Service Provider Emergency Response Plan or Grid Service Provider Risk Management Strategy.
- (b) To the extent permitted by law, the Water Grid Manager is only liable for any loss, damage or liability suffered or incurred by a Grid Participant or any other person as a consequence of the issue of a Grid Instruction where, and to the extent that, the Grid Instruction was issued due to the negligence of the Water Grid Manager.
- (c) To the extent permitted by law, the Rules Administrator is not liable for any loss, damage or liability suffered or incurred by a Grid Participant or any other person as a consequence of any act or omission of the Rules Administrator which was done in good faith in

connection with the approval or deemed approval of a Water Grid Quality Management Strategy or Water Grid Risk Management Plan or the endorsement of the Water Grid Emergency Response Plan.

Chapter 4. Operation of the Water Grid

4.1 Purpose

This Chapter sets out:

- (a) the relationship between the System Operating Plan and Grid Instructions;
- (b) the process for issuing Grid Instructions;
- (c) the authority for issuing Operating Instructions;
- (d) the procedures for the provision of forecast information required to formulate Grid Instructions;
- (e) the procedure for and consequences of a Water Supply Emergency Declaration; and
- (f) the process for preparation of a Water Grid Emergency Response Plan, Water Grid Risk Management Plan and Grid Service Provider Emergency Response Plans, Distribution Service Provider Emergency Response Plans and Grid Participant Risk Management Strategies.

4.2 Role of the System Operating Plan

- (a) The System Operating Plan provides, amongst other things:
 - (i) a set of operating principles for the use of water infrastructure in the SEQ Region, including the Water Grid;
 - (ii) the maximum volume of water available to the Water Grid Manager for supply under Grid Contract Documents; and
 - (iii) matters which the Water Grid Manager must have regard to in formulating Grid Instructions.
- (b) The Water Grid Manager and Grid Participants must have regard to, and must give effect to, the System Operating Plan in formulating and issuing Grid Instructions or Operating Instructions in accordance with this Chapter 4.

4.3 Demand Zones

- (a) The Water Grid Manager may, from time to time determine that two or more Bulk Supply Points to which water is to be supplied under a Grid Contract Document will be aggregated for the purpose of providing Monthly Customer Forecast Notices and formulating and issuing Grid Instructions (**Demand Zone**).
- (b) If the Water Grid Manager determines a Demand Zone in accordance with section 4.3(a), the Water Grid Manager must notify each Grid Participant of the determination of that Demand Zone and that Demand Zone will take effect 5 Business Days after it is notified.
- (c) If the Water Grid Manager does not notify a relevant Demand Zone, a reference to 'Demand Zone' in sections 4.6, 4.7, 4.7A and 4.10 should be read as 'Bulk Supply Points to which water is to be supplied under a Grid Contract Document'.

4.4 Monthly Grid Service Provider Forecast Notice

- (a) Each Grid Service Provider must, no later than 5.00pm on the first Business Day of every month, provide to the Water Grid Manager a forecast notice containing the information

specified in section 4.4(b) for each of the next 12 months (**Monthly Grid Service Provider Forecast Notice**).

- (b) A Monthly Grid Service Provider Forecast Notice must contain the following information:
 - (i) in the case of a Bulk Transporter:
 - (A) the Bulk Transporter's expected capacity to provide Bulk Transportation Services; and
 - (B) expected network constraints;
 - (ii) in the case of a Bulk Supplier:
 - (A) the expected available capacity in Infrastructure used in the treatment of water; and
 - (B) the volume of water available in Infrastructure used for storage of water at the date of the forecast notice;
 - (iii) in the case of a Manufactured Water Provider:
 - (A) in the case of Purified Recycled Water, the expected production based on forecast volume and quality of influent and the expected available capacity of the relevant Infrastructure; and
 - (B) in the case of Desalinated Water the expected production based on the expected available capacity of the relevant Infrastructure; and
 - (iv) in any case such other information as the Water Grid Manager, acting reasonably, may require from time to time.
- (c) Each Grid Service Provider must use reasonable care in the preparation of that part of a Monthly Grid Service Provider Forecast Notice which relates to the next succeeding month.

4.5 Not used

4.6 Monthly Customer Forecast Notice

- (a) Each Grid Customer must, no later than 5.00pm on the first Business Day of every month, provide to the Water Grid Manager a forecast notice setting out:
 - (i) its expected requirements for water for each of its Demand Zones; and
 - (ii) if it is also a Distribution Service Provider:
 - (A) its expected available capacity at each Demand Zone to:
 - (I) take water supplied by the Water Grid Manager to it under a Grid Contract Document; and
 - (II) transport water supplied by the Water Grid Manager to another Grid Customer under a Grid Contract Document; and
 - (B) any expected network constraints or asset operating constraints affecting, at each Demand Zone:
 - (I) the taking of water supplied to it by the Water Grid Manager under a Grid Contract Document; or

- (II) the transportation of water supplied by the Water Grid Manager to another Grid Customer under a Grid Contract Document,

for each of the next 12 months (**Monthly Customer Forecast Notice**).

- (b) Each Grid Customer must use reasonable care in the preparation of that part of a Monthly Customer Forecast Notice which relates to the next succeeding month.

4.7 Amending a Monthly Forecast Notice

- (a) A Grid Service Provider must amend its most recent Monthly Grid Service Provider Forecast Notice by notice to the Water Grid Manager as soon as reasonably practicable after the Grid Service Provider becomes aware of a change in its circumstances which would vary its forecasted requirements for water (positively or negatively) by more than 20% or otherwise render the original Monthly Grid Service Provider Forecast Notice to be unreliable.
- (b) A Grid Customer must amend its most recent Monthly Customer Forecast Notice by notice to Water Grid Manager as soon as reasonably practicable after Grid Customer becomes aware that:
 - (i) its expected available capacity to take water supplied by Water Grid Manager; or
 - (ii) its expected requirements for water for each of its Demand Zones for each of the next 12 months,

will vary by more than 20% in any Demand Zone from the amount forecasted by Grid Customer for the relevant time in its most recently issued Monthly Customer Forecast Notice and as otherwise notified by the Water Grid Manager under section 4.8.

4.7A Annual Demand Forecast Notices

- (a) Each Grid Customer must provide a notice to Water Grid Manager in accordance with this section 4.7A (**Annual Demand Forecast Notice**) by no later than 5.00pm on 31 May each year setting out Grid Customer's best estimate of its annual water requirements for the 3 years commencing on the next 1 July assuming:
 - (i) in the case of a Grid Customer who is also a Distribution Service Provider each of the following scenarios:
 - (A) a requirement based on a target of 375 litres of combined residential and non-residential water demand per day per Retail Customer within each Demand Zone;
 - (B) a requirement based on a target of 345 litres of combined residential and non-residential water demand per day per Retail Customer within each Demand Zone; and
 - (C) such other combined target residential and non-residential water demand levels as Water Grid Manager may notify to Grid Customer from time to time; and
 - (ii) in all other cases, the assumptions specified in the Grid Customer's Grid Contract Document.
- (b) The Water Grid Manager may at any time, on reasonable notice to a Grid Customer, require the Grid Customer to provide an updated Annual Demand Forecast Notice to the

Water Grid Manager and the Grid Customer must comply with the Water Grid Manager's notice issued under this section 4.7A(b).

4.8 Grid Instruction guidelines

The Water Grid Manager may, from time to time, issue guidelines in relation to interpreting and complying with Grid Instructions and related matters including circumstances in which a Monthly Grid Service Provider Forecast Notice, or Monthly Customer Forecast Notice must be given or amended.

4.9 Grid Instructions

- (a) The Water Grid Manager must issue Grid Instructions to Grid Service Providers and Distribution Service Providers in accordance with these Market Rules.
- (b) The Water Grid Manager must ensure that Grid Instructions are consistent with the System Operating Plan. The Water Grid Manager must amend a Grid Instruction that is inconsistent with the System Operating Plan in accordance with section 4.15.

4.10 Contents of Grid Instructions

- (a) Each Grid Instruction must specify:
 - (i) the time at which it is issued;
 - (ii) the period during which it is to apply (**Instruction Term**);
 - (iii) the particular Infrastructure to which it applies;
 - (iv) for the Infrastructure to which it applies, whether the relevant Infrastructure is to be operated for supply of services to the Water Grid Manager during the Instruction Term, and:
 - (A) if the Infrastructure is to be operated for supply of services to the Water Grid Manager during the Instruction Term:
 - (I) the proportion of Grid Customer requirements for each relevant Demand Zone that is to be sourced from the Infrastructure; or
 - (II) the order of priority in which the Grid Customer's requirements for a Demand Zone are to be met from the Infrastructure; and
 - (III) the nominated volume that is to be made available to the Water Grid Manager from the Infrastructure at each Bulk Supply Point; or
 - (B) if the Infrastructure is not intended to be operated for supply of services to the Water Grid Manager during the Instruction Term, procedures by which the Infrastructure is to be activated; and
 - (v) any reasonable reporting requirements.
- (b) A Grid Instruction must not specify any matters that are not listed in this section 4.10.

4.11 Preparing Grid Instructions

- (a) The Water Grid Manager must prepare draft Grid Instructions after consideration of:
 - (i) Monthly Grid Service Provider Forecast Notices; and
 - (ii) Monthly Customer Forecast Notices,

and circulate the draft Grid Instructions to Grid Service Providers and Distribution Service Providers no less than 10 Business Days before the month for which the relevant Grid Instruction is to apply.

- (b) Grid Participants may submit written comments to the Water Grid Manager on the draft Grid Instructions no less than 5 Business Days before the month in which the Grid Instruction is to apply.
- (c) The Water Grid Manager must prepare and publish, in the manner determined by the Water Grid Manager, final Grid Instructions after consideration of:
 - (i) any comments received under section 4.11(b); and
 - (ii) any changes since the draft Grid Instructions were issued to:
 - (A) the System Operating Plan;
 - (B) hydrological conditions, inflows, outflows, or actual or expected weather events; and
 - (C) physical circumstances within the Water Grid including damage to, maintenance of, or interruption of, any Infrastructure.

4.12 Issuing Grid Instructions

- (a) The Water Grid Manager must issue a Grid Instruction for a month no later than 3 Business Days before the month for which the relevant Grid Instruction is to apply.
- (b) A Grid Instruction applies from such time as is specified in the Grid Instruction until the earlier of:
 - (i) the time specified in the Grid Instruction; or
 - (ii) the time when the next Grid Instruction comes into effect.

4.13 Compliance with Grid Instructions

A Grid Instruction is valid and a Grid Service Provider or Distribution Service Provider must, to the extent possible, comply with a Grid Instruction in the manner and within the time specified in the Grid Instruction notwithstanding:

- (a) a failure by the Water Grid Manager to comply with the process for preparation and issue of a Grid Instruction specified in sections 4.11 and 4.12; or
- (b) the issue of a notice under section 4.14(a),

unless in the Grid Service Provider's or Distribution Service Provider's reasonable opinion, to do so would be a hazard to public safety, risk materially damaging equipment, or contravene any other law or Document including a Flood Mitigation Manual which has a higher priority in accordance with section 1.10 than the Grid Instruction.

4.14 Inability to comply with Grid Instructions

- (a) Where a Grid Service Provider or Distribution Service Provider is unable to comply, in whole or part, with a final Grid Instruction, the Grid Service Provider or Distribution Service Provider must notify the Water Grid Manager as soon as possible. The notice must:
 - (i) identify the relevant Grid Instruction;

- (ii) identify the extent to which the Grid Instruction cannot be complied with;
 - (iii) identify the period of time during which the Grid Service Provider or Distribution Service Provider expects to be unable to comply with the Grid Instruction; and
 - (iv) set out the reasons for the inability to comply and any relevant facts.
- (b) On receipt of the notice under 4.14(a), the Water Grid Manager must consider the reasons for non-compliance, and no later than 2 Business Days after receipt of the notice under 4.14(a):
- (i) if the Water Grid Manager is reasonably satisfied that the Grid Service Provider or Distribution Service Provider is unable to comply with the Grid Instruction (for reasons other than the default or negligence of the Grid Service Provider or Distribution Service Provider), amend the Grid Instruction in accordance with section 4.15 (in which case the relevant Grid Service Provider or Distribution Service Provider shall be excused to the extent of its inability to comply with the original Grid Instruction); or
 - (ii) notify the Rules Administrator of the non-compliance.

4.15 Amending Grid Instructions

The Water Grid Manager may amend a Grid Instruction:

- (a) if there is a change to the System Operating Plan;
- (b) if there is a change in any circumstances (including, changes to inflows, usage, distribution or storage capacity) which will, if not taken into account in an amended Grid Instruction, result in a breach of the System Operating Plan or will, in the opinion of the Water Grid Manager, compromise the achievement of Market Outcomes;
- (c) if there is an error in the Grid Instruction;
- (d) pursuant to section 4.14(b)(i); or
- (e) for such other reason as the Water Grid Manager in its discretion considers appropriate.

4.16 Who may issue Operating Instructions

Except during a Water Supply Emergency Declaration:

- (a) a Bulk Transporter may issue Operating Instructions to a Bulk Supplier, Distribution Service Provider or a Manufactured Water Provider in relation to Infrastructure that is connected to the Water Grid;
- (b) a Distribution Service Provider may issue Operating Instructions to a Bulk Supplier or a Manufactured Water Provider in relation to Infrastructure that is not connected to the Water Grid and constitutes an Isolated Supply Scheme;
- (c) a Manufactured Water Provider may issue Operating Instructions to:
 - (i) a Grid Customer in relation to Customer Owned Infrastructure that is connected to Infrastructure which supplies Purified Recycled Water; or
 - (ii) a Bulk Supplier in relation to Infrastructure that is connected to Infrastructure which supplies Purified Recycled Water; and

- (d) a Bulk Supplier may issue Operating Instructions to a Grid Customer in relation to Customer Owned Infrastructure that is connected to Infrastructure storing Raw Water.

4.17 Requirements for Operating Instructions

Operating Instructions must be consistent with:

- (a) Grid Instructions that apply to the Grid Service Provider or Distribution Service Provider that is issuing the Operating Instruction; and
- (b) the Operating Protocol between the issuer and the recipient of the Operating Instruction.

4.18 Contents of Operating Instructions

- (a) Each Operating Instruction must specify:
 - (i) who is issuing the Operating Instruction;
 - (ii) the period during which it is to apply (**Instruction Term**);
 - (iii) the particular Infrastructure or Customer Owned Infrastructure to which it applies;
 - (iv) the time at which it is issued; and
 - (v) the volume of water, flow rate and pressure at which water is to be supplied to a Bulk Supply Point.
- (b) In addition to the matters listed in section 4.18(a), an Operating Instruction may also specify:
 - (i) the time for delivery of water to a Bulk Supply Point; and
 - (ii) any other information as required by applicable Operating Protocols.

4.19 Preparing and issuing Operating Instructions

- (a) Operating Instructions must be issued in the manner and at the time specified in the Operating Protocol.
- (b) Emergency Operating Instructions must be issued in the manner and at the time specified in the Water Grid Emergency Response Plan.

4.20 Compliance with Operating Instructions

An Operating Instruction is valid and a Grid Participant must, to the extent possible, comply with an Operating Instruction in the manner and within the time specified in the Operating Instruction notwithstanding:

- (a) an immaterial failure to comply with the process for preparation and issue of an Operating Instruction specified in the Operating Protocol; or
- (b) the issue of a notice under section 4.21(a),

unless in the Grid Participant's reasonable opinion, to do so would be a hazard to the Grid Participant's employees or contractors or to public safety, risk materially damaging equipment, or contravene any other law or Document (including a Flood Mitigation Manual).

4.21 Inability to comply with Operating Instruction

- (a) Where a Grid Service Provider, Distribution Service Provider or Grid Customer is unable to comply, in whole or part, with an Operating Instruction, the Grid Service Provider,

Distribution Service Provider or Grid Customer must notify the issuer of the Operating Instruction as soon as possible. The notice must:

- (i) identify the relevant Operating Instruction;
 - (ii) identify the extent to which the Operating Instruction cannot be complied with;
 - (iii) identify the period of time during which the Grid Service Provider, Distribution Service Provider or Grid Customer expects to be unable to comply with the Operating Instruction;
 - (iv) set out the reasons for the inability to comply and any relevant facts; and
 - (v) propose, if appropriate, amendments to the Operating Instruction which would enable it to comply.
- (b) On receipt of the notice under 4.21(a), the issuer of the Operating Instruction, must consider the reasons for non-compliance, and no later than 24 hours, or such shorter period as may be specified in the Operating Protocol, after the receipt of the notice under 4.21(a):
- (i) if the issuer of the Operating Instruction is reasonably satisfied that the Grid Service Provider, Distribution Service Provider or Grid Customer is unable to comply with the Operating Instruction (for reasons other than the default or negligence of the Grid Service Provider, Distribution Service Provider or Grid Customer), amend the Operating Instruction in accordance with section 4.22 (in which case, the relevant Grid Service Provider, Distribution Service Provider or Grid Customer shall be excused to the extent of its inability to comply with the original Operating Instruction); or
 - (ii) notify the Rules Administrator of the non-compliance.

4.22 Amending Operating Instructions

The issuer of an Operating Instruction may amend an Operating Instruction if:

- (a) there is a change to relevant Grid Instructions;
- (b) there is a change in any circumstances (including changes to inflows, usage, distribution or storage capacity) which will, if not taken into account in an amended Operating Instruction, result in a breach of relevant Grid Instructions or Operating Instructions;
- (c) there is an error in the Operating Instruction; or
- (d) pursuant to section 4.21(b).

4.23 Operating Instructions during a Water Supply Emergency Declaration

The Water Grid Manager may issue Operating Instructions in accordance with the Water Grid Emergency Response Plan, during a Water Supply Emergency Declaration (**Emergency Operating Instructions**).

4.24 Preparation and approval of Water Grid Emergency Response Plan

- (a) The Water Grid Manager must prepare, implement and maintain a Water Grid Emergency Response Plan which specifies:
 - (i) incidents which must be reported to the Water Grid Manager;
 - (ii) response levels for types of incidents reported to the Water Grid Manager;

- (iii) escalation and notifications paths for each response level;
 - (iv) reporting and monitoring requirements for each response level;
 - (v) responsibilities for preparing and issuing public statements (if required) for each response level;
 - (vi) any changes to the process for the issue of Grid Instructions following a reported incident;
 - (vii) the process for operation of the Water Grid following a Water Supply Emergency Declaration;
 - (viii) the process for preparing, issuing and amending Operating Instructions following a Water Supply Emergency Declaration;
 - (ix) arrangements (where applicable) for providing the Water Grid Manager with access to Grid Service Provider operated control rooms, real-time information, equipment and personnel following a Water Supply Emergency Declaration; and
 - (x) any other matter the Water Grid Manager considers appropriate.
- (b) The Water Grid Manager must publish a draft Water Grid Emergency Response Plan in the manner determined by the Water Grid Manager.
- (c) Grid Participants may submit written comments to the Water Grid Manager on the draft Water Grid Emergency Response Plan no later than 20 Business Days after it is published under section 4.24(b).
- (d) The Water Grid Manager must provide a copy of the draft Water Grid Emergency Response Plan to the Office of the Water Supply Regulator for comment.
- (e) The Water Grid Manager must consider any comments received from Grid Participants, or the Office of the Water Supply Regulator in accordance with section 4.24(c) and amend the draft Water Grid Emergency Response Plan if the Water Grid Manager considers it necessary and submit the draft Water Grid Emergency Response Plan to the Rules Administrator for endorsement no later than 2 months after it is published under section 4.24(b).
- (f) The Rules Administrator must either:
- (i) endorse the draft Water Grid Emergency Response Plan; or
 - (ii) provide the Water Grid Manager with comments on the extent (if any) to which the Rules Administrator considers the draft Water Grid Emergency Response Plan does not adequately address the matters set out in section 4.24(a),
- no later than 1 month after the draft Water Grid Emergency Response Plan is submitted to the Rules Administrator.
- (g) The Water Grid Manager must:
- (i) consider any comments received from the Rules Administrator and amend the draft Water Grid Emergency Response Plan if the Water Grid Manager considers it necessary; and
 - (ii) carry out such testing as the Water Grid Manager considers appropriate to demonstrate that the plan adequately addresses the matters set out in section

4.24(a), including in the case of a review by the Water Grid Manager under section 4.25, such testing as may be specified in the Water Grid Emergency Response Plan.

- (h) The Water Grid Manager must submit the draft Water Grid Emergency Response Plan together with a report describing, and evaluating the results of, the testing carried out in accordance with section 4.24(g) to the Minister for approval no later than 4 months after the draft Water Grid Emergency Response Plan is published.

4.25 Review of Water Grid Emergency Response Plan

The Water Grid Manager must review the approved Water Grid Emergency Response Plan each year and submit the revised Water Grid Emergency Response Plan to the Minister for approval by no later than the anniversary of the date on which the Water Grid Emergency Response Plan was last approved under section 4.24. The Water Grid Manager must comply with the process for preparation and approval of the draft Water Grid Emergency Response Plan set out in section 4.24.

4.26 Grid Service Provider Emergency Response Plan

Each Grid Service Provider must, no later than 1 month after the date on which the Water Grid Emergency Response Plan is approved, prepare and submit to the Water Grid Manager for approval an emergency response plan for its Infrastructure (**Grid Service Provider Emergency Response Plan**) that is consistent with the Water Grid Emergency Response Plan.

4.27 Distribution Service Provider Emergency Response Plan

Each Distribution Service Provider must:

- (a) no later than 30 September 2010 submit to the Water Grid Manager for approval an emergency response plan (**Distribution Service Provider Emergency Response Plan**) for:
 - (i) any portion of its Infrastructure that connects with the Water Grid; or
 - (ii) Infrastructure associated with Isolated Supply Schemes,that is consistent with the Water Grid Emergency Response Plan; and
- (b) comply with any Distribution Service Provider Emergency Response Plan submitted by a Retiring Grid Participant and approved by the Water Grid Manager under these Market Rules to the extent that such plan relates to the Distribution Service Provider's Infrastructure until the Distribution Service Provider's own Distribution Service Provider Emergency Response Plan is approved under these Market Rules.

4.28 Matters to be included in Grid Service Provider Emergency Response Plan

The Grid Service Provider Emergency Response Plan must specify:

- (a) response levels;
- (b) operational procedures required for each response level;
- (c) escalation and notifications paths for each response level;
- (d) reporting and monitoring requirements; and
- (e) any other matters as required by the relevant Operating Protocols.

4.29 Matters to be included in Distribution Service Provider Emergency Response Plan

The Distribution Service Provider Emergency Response Plan must specify:

- (a) response levels;
- (b) operational procedures required for each response level;
- (c) escalation and notifications paths for each response level;
- (d) in the case of Infrastructure constituting Isolated Supply Schemes, contingencies for securing alternate water supply;
- (e) reporting and monitoring requirements; and
- (f) any other matters as required by the relevant Operating Protocols.

4.30 Approval of Grid Service Provider and Distribution Service Provider Emergency Response Plans

- (a) The Water Grid Manager must, within 20 Business Days of receipt of a draft Grid Service Provider Emergency Response Plan pursuant to section 4.26 or draft Distribution Service Provider Emergency Response Plan pursuant to 4.27, provide the relevant Grid Service Provider or Distribution Service Provider with:
 - (i) comments on the extent (if any) to which the draft Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan is inconsistent with, or does not reasonably meet the objectives of, the Water Grid Emergency Response Plan; and
 - (ii) comments on the extent (if any) to which the draft Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan does not adequately address the matters set out in section 4.28 or 4.29, (a 'Remedy Notice').
- (b) The Grid Service Provider or Distribution Service Provider must amend its Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan to address matters set out in a Remedy Notice and resubmit an amended Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan to the Water Grid Manager for approval in accordance with section 4.30(a) no later than 10 Business Days after receipt of a Remedy Notice.
- (c) If a Remedy Notice is not issued pursuant to section 4.30(a) following submission of a Grid Service Provider Emergency Response Plan under section 4.26 or Distribution Service Provider Emergency Response Plan under section 4.27 or resubmission of such plan under section 4.30(b), the Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan is deemed to be approved.

4.31 Review of Emergency Response Plans

Each Grid Service Provider and Distribution Service Provider must review its approved Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan within 1 month of the approval of any revision to the Water Grid Emergency Response Plan in accordance with section 4.25 and submit the revised Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan to the Water Grid Manager for approval under section 4.30.

4.32 Compliance with Emergency Response Plans

- (a) Each Grid Participant and the Water Grid Manager must comply with the Water Grid Emergency Response Plan (as reviewed in accordance with section 4.25) on and from the date on which it is approved in accordance with section 4.24.
- (b) Each Grid Service Provider and Distribution Service Provider must comply with its Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan (as reviewed in accordance with section 4.31) on and from the date on which it is approved in accordance with section 4.30.

4.33 Effect of Water Supply Emergency Declaration

If a Water Supply Emergency Declaration is in force, Grid Service Providers and Distribution Service Providers:

- (a) must give effect to their Grid Service Provider Emergency Response Plan or Distribution Service Provider Emergency Response Plan (as the case may be) as relevant;
- (b) must comply with Emergency Operating Instructions issued pursuant to the Water Grid Emergency Response Plan; and
- (c) are not obliged to comply with Operating Instructions previously given pursuant to section 4.16 to the extent that such compliance is inconsistent with section 4.33(a) and 4.33(b).

4.34 Preparation of Water Grid Risk Management Plan

- (a) The Water Grid Manager must prepare, implement and maintain a Water Grid Risk Management Plan which provides an integrated framework for identification, analysis, evaluation and management of risks related to the operation of the Water Grid and the achievement of the Market Outcomes.
- (b) The Water Grid Risk Management Plan must include:
 - (i) an identification of key risks to the operation of the Water Grid and the achievement of the Market Outcomes, including:
 - (A) operational risks;
 - (B) legal and regulatory compliance risks;
 - (C) corporate risks;
 - (D) environmental risks; and
 - (E) business continuity risks,(each a **'Key Risk'** and together, **'Key Risks'**);
 - (ii) analysis and evaluation of the likelihood of Key Risks occurring and the expected level of impact of each Key Risk; and
 - (iii) mitigation strategies for each Key Risk.
- (c) The Water Grid Manager must no later than 3 months after the commencement of these Market Rules publish in the manner determined by the Water Grid Manager the draft Water Grid Risk Management Plan.

- (d) Grid Participants may submit written comments to the Water Grid Manager on the draft Water Grid Risk Management Plan no later than 20 Business Days after it is published under section 4.34(c).
- (e) The Water Grid Manager must consider any comments received from Grid Participants in accordance with section 4.34(d) and prepare a final Water Grid Risk Management Plan and submit it to the Rules Administrator for approval no later than 6 months after the commencement of these Market Rules.

4.35 Review of Water Grid Risk Management Plan

The Water Grid Manager must:

- (a) review the approved Water Grid Risk Management Plan no less frequently than once each year in accordance with the process for preparation of the Water Grid Risk Management Plan set out in section 4.34, ensuring that Grid Participants are given not less than 20 Business Days to review and comment on the plan; and
- (b) submit the revised Water Grid Risk Management Plan to the Rules Administrator for approval no later than the anniversary of the date on which the Water Grid Risk Management Plan was last approved under section 4.34.

4.36 Grid Participants Risk Management Strategy

- (a) Each Grid Participant must no later than 1 month after the date on which the Water Grid Risk Management Plan is approved (including any amendment in accordance with section 4.35), provide evidence to the Water Grid Manager that the Grid Participant has in place appropriate strategies to address risks identified in the Water Grid Risk Management Plan that are consistent with the Water Grid Risk Management Plan (**Grid Participant Risk Management Strategy**).
- (b) If the Water Grid Manager is not satisfied that the Grid Participant Risk Management Strategy addresses the risks identified in the Water Grid Risk Management Plan and is consistent with the Water Grid Risk Management Plan, the Water Grid Manager must, within 10 Business Days of receipt of the Grid Participant Risk Management Strategy, provide the Grid Participant with comments on the extent (if any) to which the risks identified in the Water Grid Risk Management Plan are not appropriately addressed or the Grid Participant Risk Management Strategy is inconsistent with the Water Grid Risk Management Plan (a '**Remedy Notice**').
- (c) The Grid Participant must put in place additional strategies or amend existing strategies to address the matters identified in a Remedy Notice and provide evidence in accordance with section 4.36(a) of such additional or amended strategies to the Water Grid Manager for approval no later than 10 Business Days after receipt of a Remedy Notice.
- (d) If a Remedy Notice is not issued pursuant to section 4.36(b) within the timeframe specified in section 4.36(b) the Water Grid Manager is deemed to have approved the Grid Service Provider Risk Management Strategy.

4.37 Compliance with Water Grid Risk Management Plan

- (a) Each Grid Participant and the Water Grid Manager must comply with the Water Grid Risk Management Plan (including a review in accordance with section 4.35) on and from the date that it is approved in accordance with section 4.34.

- (b) Each Grid Participant must use reasonable endeavours to comply with its Grid Participant Risk Management Strategy on and from the date on which it is approved in accordance with section 4.36.

Chapter 5. System Water Quality Management

5.1 Purpose

- (a) The Water Supply Act, amongst other things, provides for:
 - (i) a drinking water quality management framework, including a requirement for the preparation of Drinking Water Quality Management Plans; and
 - (ii) a recycled water management framework, including a requirement for the preparation of Recycled Water Management Plans.
- (b) This Chapter 5 sets out how the Water Grid Manager must ensure a consistent approach to water quality within the Water Grid as well as water quality criteria related to aesthetic qualities of water in the Water Grid or which may affect equipment within the Water Grid.

5.2 Information to be provided to the Water Grid Manager

- (a) A Grid Service Provider or Distribution Service Provider who is given a notice under Chapter 9, Part 4 or Part 5 of the Water Supply Act must provide a copy of that notice to the Water Grid Manager no later than 2 Business Days after the notice is received.
- (b) A Grid Service Provider or Distribution Service Provider who is required to prepare, amend or review a Drinking Water Quality Management Plan or a Recycled Water Management Plan in accordance with the Water Supply Act must:
 - (i) have regard to the Grid Service Provider's or Distribution Service Provider's obligations under these Market Rules and Grid Contract Documents in preparing its draft Drinking Water Quality Management Plan or draft Recycled Water Management Plan; and
 - (ii) provide a copy of its draft Drinking Water Quality Management Plan or draft Recycled Water Management Plan to the Water Grid Manager no later than 30 Business Days before it is proposed to be submitted for approval in accordance with the Water Supply Act.
- (c) No later than 15 Business Days after receiving a draft Drinking Water Quality Management Plan or draft Recycled Water Management Plan, the Water Grid Manager must provide to the relevant Grid Service Provider or Distribution Service Provider:
 - (i) written comments on the extent to which the relevant draft plan is, and how the relevant draft plan might be made more, consistent with:
 - (A) the System Operating Plan;
 - (B) these Market Rules and the Market Outcomes;
 - (C) the Grid Contract Documents;
 - (D) the Water Grid Water Quality Management Plan; and
 - (E) the Water Grid Risk Management Plan; and
 - (ii) any further written comments on the relevant draft plan which the Water Grid Manager considers appropriate.
- (d) A Grid Service Provider or Distribution Service Provider must consider the comments of the Water Grid Manager, and to the extent that such comments are not inconsistent with

Grid Contract Documents, Operating Protocols, and the requirements of any other law or Document amend the draft Drinking Water Quality Management Plan or draft Recycled Water Management Plan in accordance with the Water Grid Manager's comments before submitting the draft Drinking Water Quality Management Plan or draft Recycled Water Management Plan for approval in accordance with the Water Supply Act.

- (e) A Grid Service Provider or Distribution Service Provider must provide to the Water Grid Manager with a copy of its Drinking Water Quality Management Plan or Recycled Water Management Plan and any amendment to that plan no later than 20 Business Days after each plan is approved in accordance with the Water Supply Act.
- (f) A Grid Service Provider or Distribution Service Provider must provide to the Water Grid Manager a copy of any reports that it is required to provide to the Water Supply Regulator in relation to its Drinking Water Quality Management Plan or Recycled Water Management Plan or in accordance with Chapter 9, Part 4 of the Water Supply Act simultaneously with the provision of those reports to in accordance with the Water Supply Act.

5.3 Water Grid Quality Management Plan

- (a) The Water Grid Manager must prepare a draft Water Grid Quality Management Plan for the Water Grid having regard to any draft or approved Drinking Water Quality Management Plan or draft or approved Recycled Water Management Plan provided to the Water Grid Manager by a Grid Service Provider or Distribution Service Provider in accordance with section 5.2.
- (b) The Water Grid Manager must no later than 3 months after the commencement of these Market Rules publish in the manner determined by the Water Grid Manager a draft Water Grid Quality Management Plan.
- (c) Grid Participants may submit written comments to the Water Grid Manager on the draft Water Grid Quality Management Plan no later than 20 Business Days after it is published under section 5.3(b).
- (d) The Water Grid Manager must consider any comments received from Grid Participants in accordance with section 5.3(c) and prepare a final Water Grid Quality Management Plan and submit it to the Rules Administrator for approval no later than 6 months after the commencement of these Water Market Rules.

5.4 Contents of the Water Grid Quality Management Plan

The Water Grid Quality Management Plan must be consistent with the requirements for Drinking Water Quality Management Plans and Recycled Water Management Plans in accordance with the Water Supply Act and also specify:

- (a) the manner in which Grid Service Providers and Distribution Service Providers must coordinate the implementation of their Drinking Water Quality Management Plans;
- (b) the requirements for maintaining consistency of quality when blending water from different supply sources within the Water Grid;
- (c) the minimum quality indicators for all water in the Water Grid;
- (d) priorities for upgrading Infrastructure within the Water Grid to achieve minimum quality and consistency requirements;

- (e) a protocol for making public notices by the Water Grid Manager and Grid Participants in relation to incidents that may affect the quality of water in the Water Grid; and
- (f) any other requirement as determined by the Rules Administrator.

5.5 Review of Water Grid Quality Management Plan

- (a) The Water Grid Manager must review the Water Grid Quality Management Plan:
 - (i) no less than once each year; and
 - (ii) no less than 3 months after an independent review of the Water Grid Quality Management Plan in accordance with section 5.5(b),and submit the reviewed Water Grid Quality Management Plan to the Rules Administrator for approval.
- (b) The Rules Administrator may require that an independent review on the effectiveness of the Water Grid Quality Management Plan in managing water quality issues in the Water Grid is undertaken:
 - (i) if the Rules Administrator considers it is reasonably necessary to ensure the quality of water in the Water Grid meets or exceeds the requirements of the Water Grid Quality Management Plan or to protect public health and safety or equipment in the Water Grid; or
 - (ii) otherwise not more than once each year.

5.6 Compliance with Water Grid Quality Management Plan

Each Grid Participant and the Water Grid Manager must comply with the Water Grid Quality Management Plan (as reviewed in accordance with section 5.5) on and from the date on which it is approved in accordance with section 5.4.

Chapter 6. Metering and Estimation of Volumes at Bulk Supply Points

6.1 Purpose

This Chapter 6 sets out the rights and obligations of Grid Participants in relation to the measurement of water volume and water flow, the collection of metering data, and the provision of metering data to the Water Grid Manager and Grid Participants.

6.2 Responsibility for Bulk Supply Point

The Responsible Person for a Bulk Supply Point:

- (a) for which a Metering Installation or Transitional Metering Installation is registered in the Metering Database, is the Grid Participant who owns the Infrastructure within which the Metering Installation or Transitional Metering Installation is located; or
- (b) for which a Metering Installation or Transitional Metering Installation is not registered in the Metering Database, is the Grid Service Provider or Distribution Service Provider responsible for delivering water to the Bulk Supply Point under a Grid Contract Document.

6.3 Invoicing under Grid Contract Documents

If a Grid Contract Document requires a person to render an invoice based on metered data, that person must use data obtained in accordance with this Chapter 6 to prepare the invoice.

6.4 Alternate Methodology

The Rules Administrator must publish on its website the Alternate Methodology. The Rules Administrator may, from time to time, amend the Alternate Methodology, and must if it does so, publish details of the amendments, together with a consolidated version of the Alternative Methodology on its website. The Alternate Methodology and any amendments to it shall apply from a date to be specified by the Rules Administrator.

6.5 Metering Standard

The Metering Standard is set out in Schedule 1 to these Market Rules. The Rules Administrator may from time to time amend the Metering Standard for the Water Grid. The Metering Standard as so amended shall form the Metering Standard for the purpose of these Market Rules.

6.6 Transitional Arrangements for recording volume and flow of water in the Market

Prior to the effective date for a Metering Transition Plan:

- (a) for each Bulk Supply Point for which a Metering Installation is registered in the Metering Database, that Metering Installation must be used to record the volumes and flows of water through the Bulk Supply Point;
- (b) for each Bulk Supply Point for which a Transitional Metering Installation is registered in the Metering Database, that Transitional Metering Installation must be used to record volumes and flows of water through the Bulk Supply Point; and
- (c) for each Bulk Supply Point for which neither a Metering Installation nor a Transitional Metering Installation is registered in the Metering Database, the Responsible Person must estimate the volume and flows of water through the Bulk Supply Point using the Alternate Methodology.

6.7 Assessment of Metering Installations

- (a) The Responsible Person for a Bulk Supply Point for which a meter is installed must, no later than 3 months after the commencement of these Market Rules or such further period as the Rules Administrator may permit, assess whether the meter is consistent with the Metering Standard, and:
 - (i) if the Responsible Person considers that the meter is consistent with the Metering Standard, provide to the Rules Administrator a Statutory Declaration certifying that the meter is consistent with the Metering Standard; or
 - (ii) if the Responsible Person does not consider that the meter is consistent with the Metering Standard, provide written notice to the Rules Administrator including details of:
 - (A) the type of meter;
 - (B) the level of accuracy of the meter; and
 - (C) any other matter the Rules Administrator requires,together with a copy of the Manufacturer's Specifications for the type of meter (if that copy is still available).
- (b) Within 30 Business Days after receipt of a notice from a Responsible Person in accordance with section 6.7(a)(ii), the Rules Administrator must notify the Responsible Person if the Rules Administrator does not approve the meter for use for the purposes of the Market Rules.
- (c) If the Rules Administrator does not issue a notice to a Responsible Person under section 6.7(b) within the timeframe specified in section 6.7(b), then the Rules Administrator is deemed to have approved the meter for use for the purpose of the Market Rules.

6.8 Installation of Metering Installations

A Grid Service Provider or Distribution Service Provider must not, after the commencement of these Market Rules, install a meter within its Infrastructure for the measurement of volumes and flows for Bulk Supply Points that is not consistent with the Metering Standard.

6.9 Transitional Arrangement for Loss Rates

- (a) The Rules Administrator must publish on its website the Volume Estimation Loss Rates for the Market. The Rules Administrator may, from time to time, amend the Volume Estimation Loss Rates for the Market.
- (b) The Volume Estimation Loss Rates published by the Rules Administrator, must be used by the Responsible Person when using the Alternate Methodology in accordance with this Chapter 6.
- (c) At least once every 12 months a Responsible Person must validate the Volume Estimation Loss Rates applying within its Infrastructure, and provide the results of its validation to the Rules Administrator.
- (d) The Rules Administrator must consider the results of validations provided to the Rules Administrator in accordance with section 6.9(c), in determining whether to revise the Volume Estimation Loss Rates.

6.10 Metering Transition Plan

- (a) Each Responsible Person must prepare a draft plan including:
- (i) details of meters located within its Infrastructure;
 - (ii) Bulk Supply Points or points within its Infrastructure that are un-metered or for which Transitional Metering Installations are registered in the Metering Database;
 - (iii) subject to section 6.10(a)(iv), a proposed timetable and estimated cost for the installation of meters which are consistent with the Metering Standard for each un-metered Bulk Supply Point or point for which a Transitional Metering Installation is registered in the Metering Database within their Infrastructure; and
 - (iv) if the Responsible Person considers that a meter that is consistent with the Metering Standard should not be installed for any Bulk Supply Point within its Infrastructure that is un-metered or for which a Transitional Metering Installation is registered in the Metering Database, a submission as to why that Bulk Supply Point should so remain,
- and provide it to the Rules Administrator no later than 31 March 2009.
- (b) The Rules Administrator must:
- (i) consider information provided by Responsible Persons in accordance with section 6.10(a);
 - (ii) prepare a draft plan for development of an integrated metering program including a timetable for installation of meters which are consistent with the Metering Standard for every Bulk Supply Point within the Water Grid where the Rules Administrator is reasonably satisfied it is necessary to do so (**Metering Transition Plan**); and
 - (iii) publish the Metering Transition Plan (in the manner determined by the Rules Administrator) no later than 30 September 2010.
- (c) Grid Participants and the Water Grid Manager may submit written comments to the Rules Administrator on the draft Metering Transition Plan until no later than 31 January 2011.
- (d) The Rules Administrator must consider comments received in accordance with section 6.10(c) and publish (in the manner determined by the Rules Administrator) a final Metering Transition Plan no later than 31 March 2011. The final Metering Transition Plan shall come into effect on the date that it is published or such later date (if any) as is specified in the Metering Transition Plan.

6.11 Metering Installation requirements

The Responsible Person must ensure that any meter that is registered in the Metering Database for a Bulk Supply Point near to, within or bounding its Infrastructure after the commencement of these Market Rules is:

- (a) of the type and level of accuracy; and
- (b) installed at the place and in the manner,
as specified in the Metering Standard, and:
- (c) maintained;

- (d) calibrated; and
- (e) inspected and tested,

as specified in the Metering Standard (if any) or the Manufacturer's Specifications for the relevant type of meter.

6.12 Transitional Metering Installation requirements

A Responsible Person must ensure that each Transitional Metering Installation near to, within or bounding its Infrastructure is:

- (a) installed at the place and in the manner;
- (b) maintained;
- (c) of the level of accuracy;
- (d) calibrated; and
- (e) inspected and tested,

as specified in the Manufacturer's Specifications for the relevant type of Transitional Metering Installation.

6.13 Metering Database

- (a) The Responsible Person must ensure that each Metering Installation and Transitional Metering Installation is registered with the Water Grid Manager on and from the later of:
 - (i) the date of commencement of these Market Rules; or
 - (ii) the date on which assessment of the relevant Metering Installation or Transitional Metering Installation is completed in accordance with section 6.7.
- (b) The Water Grid Manager must create, maintain and administer a metering database in accordance with this section 6.13 (the '**Metering Database**').
- (c) The Water Grid Manager may appoint an agent from time to time to create, maintain and administer the Metering Database.
- (d) The Metering Database must include:
 - (i) details of each registered Metering Installation and Transitional Metering Installation and each Bulk Supply Point to which section 6.6(c) applies;
 - (ii) metering data collected from each registered Metering Installation and Transitional Metering Installation; and
 - (iii) data estimated in accordance with section 6.6(c) or substituted in accordance with section 6.24.
- (e) Data must be stored in the Metering Database for:
 - (i) not less than 16 months in accessible format; and
 - (ii) 7 years in archive.
- (f) The Water Grid Manager may amend data in the Metering Database only:
 - (i) if a fault in the Metering Installation or Transitional Metering Installation has been notified to the Water Grid Manager in accordance with section 6.20;

- (ii) following an audit or testing by the Water Grid Manager in accordance with section 6.19(a); or
- (iii) otherwise no later than 20 weeks after the date the data was first collected.

6.14 Access to the Metering Database

- (a) The Water Grid Manager may grant access to the Metering Database to any other person who the Water Grid Manager is satisfied requires the data in order to perform an obligation or exercise a right of discretion under these Market Rules.
- (b) Data in the Metering Database relating to a particular Bulk Supply Point may also be accessed by any Grid Participant who supplies water to, or takes water from, that Bulk Supply Point.
- (c) The Water Grid Manager's reasonable costs incurred in providing access to the Metering Database must be paid by the person to whom the information is provided.

6.15 Data Collection System

- (a) The Water Grid Manager must establish and publish in the manner determined by the Water Grid Manager a draft of its proposed processes for collection of data for the metering database (**Data Collection System**) by no later than 1 month after the commencement date of these Market Rules.
- (b) Grid Participants may submit written comments to the Water Grid Manager on the draft Data Collection System until no later than 20 Business Days after it is published in accordance with section 6.15(a).
- (c) The Water Grid Manager must consider comments received in accordance with section 6.15(b) and publish in the manner determined by the Water Grid Manager, a final Data Collection System no later than 3 months after the commencement date of these Market Rules. The final Data Collection System will come into effect on the date that it is published, or such later date (if any) as is specified in the Data Collection System.

6.16 Provision of data to the Water Grid Manager

The Responsible Person must, for each month:

- (a) acquire Meter Data collected for each of its Metering Installations and Transitional Metering Installations;
- (b) for each Bulk Supply Point to which section 6.6(c) applies, estimate the volume and flows of water through Bulk Supply Points using the Alternate Methodology; and
- (c) collate the information acquired and estimated in accordance with section 6.16(a) and 6.16(b) and provide it to the Water Grid Manager no later than 5:00pm on the 3rd Business Day of the following month in writing or in accordance with any requirements of the Data Collection System.

6.17 Payment for metering

The Responsible Person will be responsible for all costs arising from:

- (a) provision, installation, maintenance, testing and inspection of Metering Installations and Transitional Metering Installation; and
- (b) complying with its obligations under the Market Rules in relation to metering.

6.18 Right of access to land

- (a) The Responsible Person must grant the Water Grid Manager a right to access land owned or otherwise controlled by the Responsible Person or procure the grant to the Water Grid Manager of a right of access to land not owned or otherwise controlled by the Responsible Person on which a Metering Installation or Transitional Metering Installation is located to enable the performance of the Water Grid Manager's obligations and the exercise of its rights and discretions in respect of metering under these Market Rules.
- (b) The Water Grid Manager and its directors, officers, employees, agents and contractors must comply with all reasonable directions and requirements of the Responsible Person in relation to access pursuant to this section 6.18, including any occupational health and safety requirements.

6.19 Testing of Metering Installations and audit of Metering Data

- (a) The Water Grid Manager may at any time:
 - (i) audit Meter Data provided to the Water Grid Manager by a Responsible Person; and
 - (ii) test any Metering Installation or Transitional Metering Installation.
- (b) The Responsible Person must pay the Water Grid Manager's costs incurred in conducting the audit or testing if after an audit under section 6.19(a):
 - (i) an error of greater than +/-5% is shown in the Meter Data sourced from a Metering Installation; or
 - (ii) any Transitional Metering Installation is shown not to be operating within +/-5% of the level of accuracy prescribed by the Manufacturer's Specifications.

6.20 Metering Installation faults

- (a) The Responsible Person must immediately notify the Water Grid Manager of a fault detected in a Metering Installation or Transitional Metering Installation and nominate a timeframe for restoration of the Metering Installation or Transitional Metering Installation if:
 - (i) a Metering Installation is found to not to be operating within +/-5% of the level of accuracy prescribed in the Metering Standards; or
 - (ii) a Transitional Metering Installation is found not to be operating within +/-5% of the level of accuracy prescribed in the Manufacturer's Specifications.
- (b) If the Water Grid Manager does not agree with the estimated timeframe for restoration of the Metering Installation or Transitional Metering Installation nominated by the Responsible Person, no later than 2 Business Days after receipt of a notice under section 6.20(a), the Water Grid Manager must notify the Responsible Person and suggest an alternative timeframe for restoration of the Metering Installation or Transitional Metering Installation.
- (c) If the Water Grid Manager does not provide a notice under section 6.20(b), the Water Grid Manager is deemed to have agreed with the timeframe for restoration of the Metering Installation or Transitional Metering Installation notified under section 6.20(a).

- (d) The Responsible Person must restore the Metering Installation or Transitional Metering Installation within the timeframe notified under section 6.20(b) or, if section 6.20(c) applies, the timeframe nominated in section 6.20(a).

6.21 Security of Metering Installations and data

- (a) The Responsible Person must ensure that the Metering Installation or Transitional Metering Installation is secure and that Meter Data held in the Metering Installation or Transitional Metering Installation is protected by appropriate passwords or security controls.
- (b) The Responsible Person must provide copies of any passwords relating to the Metering Installation or Transitional Metering Installation to the Water Grid Manager if requested by the Water Grid Manager and grant the Water Grid Manager appropriate security access to the Metering Installation or Transitional Metering Installation.
- (c) The Water Grid Manager must maintain appropriate security controls to ensure that any passwords provided by a Responsible Person under section 6.21(b) are protected.
- (d) If the Water Grid Manager identifies that a password is accessed without authorisation, the Water Grid Manager must immediately notify the Responsible Person and take all reasonable action to prevent any further unauthorised access to the password.

6.22 Changes to metering equipment, parameters and settings

- (a) The Responsible Person must adjust metering equipment, parameters and settings to ensure that the requirements of Metering Standards or the Manufacturer's Specifications are met.
- (b) If the Responsible Person adjusts metering equipment, the Responsible Person must notify the Water Grid Manager of any changes as soon as reasonably practicable.

6.23 Retention and revision of Meter Data

- (a) Meter Data stored in a Metering Installation or Transitional Metering Installation must not be altered by a Responsible Person or the Water Grid Manager except during on-site accuracy testing of a Metering Installation or Transitional Metering Installation.
- (b) Meter Data must be retained in written or electronic form by a Responsible Person for no less than 3 years from the date it was collected.

6.24 Data substitution

- (a) The Responsible Person for a Bulk Supply Point at which a Metering Installation or Transitional Metering Installation is installed, must use the Alternate Methodology to substitute volumes and flows for data collected from such Metering Installation or Transitional Metering Installation if:
 - (i) the Responsible Person notifies the Water Grid Manager of a fault in a Metering Installation or Transitional Metering Installation under section 6.20;
 - (ii) an audit or test (whether by the Responsible Person or the Water Grid Manager) established that:
 - (A) any Metering Installation is not operating within $\pm 5\%$ of the level of accuracy prescribed in the Metering Standards; or

- (B) any Transitional Metering Installation is shown not to be operating within $\pm 5\%$ of the level of accuracy prescribed by Manufacturer's Specifications; or
 - (iii) calibration of a Metering Installation or Transitional Metering Installation shows a measurement error which exceeds the applicable threshold specified in the Metering Standards or the Manufacturer's Standards.
- (b) If the Responsible Person is required to substitute volumes under section 6.24(a) and the Responsible Person is not aware of the time after which the error arose, the Responsible Person must substitute volumes for the period which is the shorter of:
 - (i) the period of time half-way between the time the last calibration or test of the meter was carried out and the time the error was corrected;
 - (ii) the period commencing on the date 6 months prior to the date on which the error was corrected; and
 - (iii) such other period expiring on the date the error was corrected, being a period of less than 6 months, which the Water Grid Manager considers to be fair and reasonable.
- (c) Where a Responsible Person is required to substitute volumes under section 6.24(a), the Water Grid Manager must replace all readings derived from the relevant Metering Installation during the period of the substitution with the substituted readings.

Chapter 7. Asset Management

7.1 Purpose

- (a) The Water Supply Act, amongst other things, provides a framework for the development and approval of Strategic Asset Management Plans for ensuring continuity of supply of services.
- (b) This Chapter 7 sets out certain transitional arrangements relating to performance standards in the Water Grid.

7.2 Transitional arrangements for the Water Grid

- (a) Each Grid Service Provider must:
 - (i) carry out Declared Water Services in accordance with:
 - (A) its Operational Plan prepared in accordance with the Restructuring Act;
 - (B) its Strategic Asset Management Plan prepared in accordance with the Water Supply Act; and
 - (C) any other mandatory plans applicable to the management of its Infrastructure; and
 - (ii) provide a copy of each of the plans listed in section 7.2(a)(i) to the Rules Administrator no later than 20 Business Days after the commencement of these Market Rules or the date that such plans are approved (whichever is the later).
- (b) Each Grid Participant must maintain interconnections with each other Grid Participant and meet any asset reliability levels prescribed in any applicable Operating Protocols.

7.3 Strategic Asset Management Plan to be provided to the Water Grid Manager

- (a) A Grid Service Provider who is required to prepare, amend or review its Strategic Asset Management Plan in accordance with the Water Supply Act must:
 - (i) have regard to the Grid Service Provider's obligations under these Market Rules and Grid Contract Documents in preparing its draft Strategic Asset Management Plan; and
 - (ii) provide a copy of its draft Strategic Asset Management Plan to the Water Grid Manager no later than 30 Business Days before it is proposed to be submitted for approval in accordance with the Water Supply Act.
- (b) No later than 15 Business Days after receiving a draft Strategic Asset Management Plan the Water Grid Manager must provide to the relevant Grid Service Provider, in relation to those parts of the Strategic Asset Management Plan that relate to Infrastructure which is used to provide a Declared Water Service or equipment that is used to connect to the Water Grid, written comments on:
 - (i) the extent to which the relevant draft plan is, and how the relevant draft plan might be made more, consistent with:
 - (A) the System Operating Plan;
 - (B) these Market Rules and the Market Outcomes;
 - (C) the Grid Contract Documents;

- (D) the Water Grid Water Quality Management Plan; and
- (E) the Water Grid Risk Management Plan; and
- (ii) any further comments on the relevant draft plan including in relation to:
 - (A) service levels required to maintain system reliability across the Water Grid and consequences for failure to meet such service levels;
 - (B) priorities for upgrade and refurbishment of assets to optimise performance of the Water Grid and ensure efficient use of water supplies across the Water Grid; and
 - (C) rights and obligations of Grid Participants in relation to connection services and connection standards for connection to the Water Grid and a Grid Participant's Infrastructure.
- (c) A Grid Service Provider must:
 - (i) consider the comments of the Water Grid Manager and how the Grid Service Provider could amend the draft plan to address the Water Grid Manager's comments; and
 - (ii) provide a copy of the Water Grid Manager's comments together with the Strategic Asset Management Plan or any amendment to the Strategic Asset Management Plan for approval in accordance with the Water Supply Act.
- (d) A Grid Service Provider must provide to the Water Grid Manager a copy of its Strategic Asset Management Plan and any amendment to its Strategic Asset Management Plan no later than 20 Business Days after the Strategic Asset Management Plan is approved in accordance with the Water Supply Act.
- (e) A Grid Service Provider must provide to the Water Grid Manager a copy of any reports that it is required to provide under the Water Supply Act in relation to its Strategic Asset Management Plan simultaneously with the provision of those reports to the Water Supply Regulator.

Chapter 8. Pricing

PART A – INTRODUCTION

8.1 Purpose

The purpose of this Chapter 8 is to set out:

- (a) who is the Price Regulator;
- (b) the powers of the Price Regulator;
- (c) the functions of the Queensland Competition Authority in relation to Grid Service Charges from 1 July 2011;
- (d) the principles and procedures to be developed and applied by the Price Regulator in determining Grid Service Charges to be paid to Grid Service Providers for providing Declared Water Services in the Market;
- (e) the principles and procedures to be applied by the Price Regulator in determining the Bulk Water Prices payable by Grid Customers for the supply of Potable Water, Raw Water and Purified Recycled Water in the Market; and
- (f) the processes for collecting information to allow Grid Service Charges and Bulk Water Prices to be set.

8.2 The Price Regulator

The Price Regulator is the State of Queensland or its nominated agent.

8.3 Power of the Price Regulator

- (a) The Price Regulator may, from time to time, determine and publish in accordance with this Chapter 8, in respect of a period or periods determined by the Price Regulator, charges to be paid under Grid Contract Documents:
 - (i) by the Water Grid Manager to Grid Service Providers for the provision of Declared Water Services (**Grid Service Charges**); and
 - (ii) by Grid Customers to the Water Grid Manager for the supply of Potable Water, Raw Water or Purified Recycled Water (**Bulk Water Prices**).

The Water Grid Manager and Grid Customers must pay those charges in accordance with the terms of Grid Contract Documents.

- (b) The Price Regulator may determine Bulk Water Prices and Grid Service Charges and a price path for Bulk Water Prices to be paid on and from the date of commencement of these Market Rules until a date specified in that determination, without following the procedure in the remainder of this Chapter 8.
- (c) The Price Regulator may, from time to time, direct the Queensland Competition Authority in writing about:
 - (i) the manner in which it is to perform its functions under section 8.4; and
 - (ii) matters which it must consider in performing its functions under section 8.4 in addition to the matters set out in Part B of this Chapter 8 (**Direction Notice**).
- (d) Prior to issuing a Direction Notice, the Price Regulator must:

- (i) circulate a draft of the proposed Direction Notice; and
- (ii) allow the Queensland Competition Authority and Grid Service Providers an opportunity to comment on the proposed Direction Notice.

The Price Regulator may, at its sole discretion, accept or reject some or all of the comments made by the Queensland Competition Authority and Grid Service Providers or initiate its own amendments when issuing a final Direction Notice.

- (e) If the Price Regulator issues a Direction Notice:
 - (i) the Price Regulator must provide a copy of that Direction Notice to each of the Grid Service Providers; and
 - (ii) the Queensland Competition Authority must publish a copy of that Direction Notice on its website¹ as soon as reasonably practicable after it is received by the Queensland Competition Authority.

8.4 Functions of the Queensland Competition Authority

- (a) The Queensland Competition Authority must investigate Grid Service Charges to apply for the period from 1 July 2011 until 30 June 2012 and provide a report to the Price Regulator setting out its recommendations on Grid Service Charges and such information as is reasonably required to support its recommendations by no later than 30 May 2011 or such other date as the Price Regulator notifies in a Direction Notice. The Queensland Competition Authority must also publish a copy of its report on its website² as soon as reasonably practicable after it is provided to the Price Regulator.
- (b) The Queensland Competition Authority must:
 - (i) provide a plan setting out the manner and timeframes within which it will conduct the investigation under section 8.4(a) to the Price Regulator by no later than 30 October 2010; and
 - (ii) consider any comments made by the Price Regulator on the plan provided to the Price Regulator under section 8.4(b)(i).
- (c) In carrying out the investigation under section 8.4(a), the Queensland Competition Authority must consider each of the matters which the Price Regulator must consider in determining Grid Service Charges set out in Part B of this Chapter 8 and such other matters as the Price Regulator may notify in a Direction Notice.
- (d) The Price Regulator may accept (with or without qualification), or reject, some or all of the recommendations made by the Queensland Competition Authority in respect of Grid Service Charges.

8.5 Exercise of the powers and conduct of functions

In exercising their powers and functions under this Chapter 8, the Price Regulator and the Queensland Competition Authority must:

¹ www.qca.org.au

² www.qca.org.au

- (a) recognise the need to minimise the economic cost of regulatory actions and uncertainty;
- (b) to the extent practicable, ensure that:
 - (i) the costs to Grid Participants of regulation do not exceed the benefits to the Market of such regulation;
 - (ii) information requests issued to Grid Participants and procedural requirements which apply to Grid Participants are efficient and effective and that a reasonable time period in which to comply is afforded to Grid Participants; and
 - (iii) Grid Participants are afforded a reasonable opportunity to participate in the processes implemented under this Chapter 8; and
- (c) take into account the systems, information and organisational capacity of Grid Participants.

8.6 Publication of determination

- (a) Subject to section 8.6(b), the Price Regulator must:
 - (i) promptly upon determination of Grid Service Charges or Bulk Water Prices notify each affected Grid Participant of the relevant Grid Service Charges or Bulk Water Prices determined under this Chapter 8 together with the dates from and until which (subject to section 8.7) those charges will apply; and
 - (ii) keep a record of those Grid Service Charges or Bulk Water Prices for no less than 7 years.
- (b) The Price Regulator is not required to publish or provide the reasons for its determination of Grid Service Charges or Bulk Water Prices under this Chapter 8.

8.7 Review of Grid Service Charges

The Price Regulator:

- (a) must review Grid Service Charges at least once in each Financial Year;
- (b) may review Grid Service Charges more frequently if:
 - (i) the Price Regulator is made aware of any change that the Price Regulator considers is sufficiently material to justify an additional review of Grid Service Charges; or
 - (ii) a Grid Service Provider or the Water Grid Manager makes an application to the Price Regulator for a review in accordance with section 8.15; and
- (c) may use all or some of the procedure set out in section 8.9 in its review.

PART B – GRID SERVICE CHARGES

8.8 Components of Grid Service Charges

Grid Service Charges may include the following components:

- (a) Capital Charges;
- (b) Fixed Operating Charges;
- (c) Variable Operating Charges; and
- (d) Allowable Costs.

8.9 Information in relation to Grid Service Charges

- (a) Prior to the Price Regulator making any determination of Grid Services Charges in respect of a period, the Investigating Authority in the exercise of its powers and the discharge of its functions pursuant to this Chapter 8 may:
- (i) request a Grid Service Provider to provide details of:
 - (A) the asset base affected by the price determination, together with its assessment of asset life and details of depreciation treatment;
 - (B) details of its forecast or budgeted capital expenditure and fixed and variable operating and maintenance expenditure pertaining to its Infrastructure and the provision of Declared Water Services for the period of the proposed determination;
 - (C) details of the assumptions on which its budgeted expenditure under paragraph (B) is based, including its monthly:
 - (I) forecast volume of Potable Water, Raw Water, Purified Recycled Water and Desalinated Water (as the case may be) to be made available;
 - (II) in the case of a Bulk Supplier or Manufactured Water Provider, forecast volume of water to be made available from each of its water sources; and
 - (III) in the case of a Bulk Transporter, forecast volume of water to be transported from each of its Bulk Supply Points at water sources,in each case based on the most recent Operating Strategy approved pursuant to the System Operating Plan;
 - (D) in the case of capital expenditure exceeding \$5 million:
 - (I) details of the need for the capital expenditure;
 - (II) anticipated costs and cash-flow impacts of the capital expenditure; and
 - (III) expected benefits and outcomes from the capital expenditure;
 - (E) details of its budgeted corporate costs for the period of the proposed determination;
 - (F) details of other costs (if any) which it seeks to recover from its customers (including for example, and without limitation, establishment and transaction costs, costs associated with drought planning and drought contingencies and costs associated with the recovery of statutory charges);
 - (G) details of its underlying assumptions including rates of return and price indexation factors together with (where appropriate) hydrology and inflow assumptions;

- (H) in the case of a second or subsequent price determination, a comparison of forecast expenditure against actual expenditure; and
- (I) such other information as the Investigating Authority may reasonably require;
- (ii) invite Grid Service Providers and other interested parties to make submissions as to the determination in such form (if any) as the Investigating Authority may reasonably prescribe; and
- (iii) conduct such other inquiries and consider such other information as the Investigating Authority may reasonably require.
- (b) Each Grid Participant must provide such information as the Investigating Authority may reasonably require in the conduct of its enquiries under this section 8.9.

8.10 Principles to apply to all Grid Service Charges

In determining charges to apply in relation to Declared Water Services provided by Grid Service Providers, the Price Regulator:

- (a) must recognise:
 - (i) pre-existing policies of government regarding Grid Service Provider asset values, investment returns, revenue and pricing paths including previous Government decisions relating to the transfer of assets to Grid Service Providers as part of the industry reform;
 - (ii) Government policy settings, objectives and statements regarding the secure, reliable, multi-source supply of water to customers in the SEQ Region;
 - (iii) Government policy decisions regarding the timing of customer exposure to increased water costs; and
 - (iv) the requirements of the:
 - (A) Water Act, the Water Supply Act and any instrument made under or operative pursuant to those acts;
 - (B) the Regional Water Security Program and the System Operating Plan; and
 - (C) *SEQ Urban Water Arrangements Reform Workforce Framework 2010*³.
- (b) must take into account information provided by Grid Service Providers under section 8.9;
- (c) within the context of paragraphs (a)(i) to (a)(iv):
 - (i) must, to the extent practicable:
 - (A) establish an environment which fosters efficient operating and maintenance practices and utilisation of infrastructure; and

³ available at <http://www.gwc.qld.gov.au/Workforce+framework>

- (B) take account of and be consistent with the obligations of registered Grid Participants under these Market Rules and Grid Contract Documents; and
- (ii) may take into account such other matters as it considers relevant; and
- (d) may adopt such procedures as it considers appropriate.

8.11 Special principles: Capital Charge

Without limiting section 8.10, in determining the Capital Charge, the Price Regulator must take into account matters including:

- (a) Government policy decisions relating to the accepted return on assets constructed under the Part 8 of the Water Regulation;
- (b) in the case of assets transferred under the Restructuring Act, the remaining asset life implied from the valuation of the assets used to establish the Initial Regulated Asset Base;
- (c) adjustments to the Initial Regulated Asset Base arising from the completion of asset transfers made under the Restructuring Act and completion of assets constructed under Part 8 of the Water Regulation;
- (d) an appropriate apportionment of the Regulated Asset Base between the provision of Declared Water Services and other services;
- (e) reasonable prudent capital expenditure;
- (f) Grid Service Provider obligations to comply with applicable governance requirements;
- (g) any capital expenditure required to be undertaken to comply with legislative requirements;
- (h) capital costs for assets constructed under Part 8 of the Water Regulation including:
 - (i) commissioning costs;
 - (ii) capitalised corporate costs; and
 - (iii) capitalised interest incurred from commencement of construction to certification of constructed assets; and
- (i) the actual cost of the Grid Service Provider's debt.

8.12 Special Principles: Fixed Operating Costs

The Price Regulator shall permit Grid Service Providers to recover:

- (a) reasonable costs of and incidental to the operation and maintenance of the assets required to provide Declared Water Services (**Relevant Assets**) apportioned on an appropriate basis between the provision of Declared Water Services and other services; and
- (b) a reasonable allowance for corporate or related expenses.

8.13 Special Principles: Variable Operating Costs

- (a) The Price Regulator shall permit Grid Service Providers to recover reasonable variable operating costs of the Relevant Assets apportioned on an appropriate basis between the provision of Declared Water Services and other services, including:
 - (i) costs for energy used to provide Declared Water Services;
 - (ii) costs for chemicals used to provide Declared Water Services; and

- (iii) other variable operating costs of the Relevant Assets.
- (b) These costs shall be determined on a \$/ML basis, based upon:
 - (i) in the case of a Bulk Supplier, the volume of Potable Water that the Bulk Supplier is forecast to make available in accordance with a Grid Contract Document in the following year;
 - (ii) in the case of a Bulk Transporter, the volume of Potable Water that the Bulk Transporter is forecast to transport in accordance with a Grid Contract Document in the following year; and
 - (iii) in the case of a Manufactured Water Provider, the volume of Manufactured Water that the Manufactured Water Provider is forecast to make available in accordance with a Grid Contract Document in the following year,

(Forecast Production) as notified by the relevant Grid Service Provider pursuant to section 8.9(a)(i)(C).

8.14 Allowable Costs

The Price Regulator may determine a charge, either as a lump sum or recurrent payment, on account of other costs incurred by a Grid Service Provider which are not recoverable as Capital Charges, Fixed Operating Charges or Variable Charges including any levy payable under section 360F of the Water Act.

8.15 Application for review of Grid Service Charges

- (a) The Price Regulator may, from time to time, determine, vary and notify the Review Threshold for all or some of the components of Grid Service Charges.
- (b) Prior to notifying a Review Threshold, the Price Regulator must:
 - (i) circulate a draft of the proposed Review Threshold; and
 - (ii) allow Grid Service Providers an opportunity to comment on the proposed Review Threshold.

The Price Regulator may, in its sole discretion, accept or reject some or all of the comments made by Grid Service Providers or initiate its own amendments when issuing a final Review Threshold.

- (c) A Grid Service Provider may apply by notice in writing to the Price Regulator for a review of the Grid Service Charges which apply to it:
 - (i) in the case of the Capital Charge, if it incurs capital expenditure greater than the Review Threshold, which was not anticipated at the time of the investigation and determination of the Capital Charge and which is due to:
 - (A) a Change in Law; or
 - (B) a change in the government policies described in section 8.10(a)(i) to 8.10(a)(iii);
 - (ii) in the case of the Fixed Operating Charge, if it incurs additional costs greater than the Review Threshold which were not anticipated at the time of the investigation and determination of the Fixed Operating Charge and are due to:

- (A) a Change in Law;
 - (B) a change in the government policies described in section 8.10(a)(i) to 8.10(a)(iii); or
 - (C) incidents which must be reported to the Water Grid Manager pursuant to the Water Grid Emergency Response Plan of Level 4 or greater as described in the Water Grid Emergency Response Plan from time to time; and
- (iii) in the case of the Variable Operating Charge, no more than once each Quarter, if the:
- (A) actual volume of water made available or transported by the Grid Service Provider in accordance with a Grid Contract Document in the preceding Quarter exceeds the Forecast Production for the preceding Quarter by more than the Review Threshold; or
 - (B) source of water differs from the Forecast Production for the preceding Quarter by more than the Review Threshold.
- (d) The Water Grid Manager may no more than once each Quarter apply by notice in writing to the Price Regulator for a review of the Variable Operating Charge which applies to a Grid Service Provider if the:
- (i) actual volume of water made available or transported by the Grid Service Provider in accordance with a Grid Contract Document in the preceding Quarter is less than the Review Threshold of the Forecast Production for the preceding Quarter; or
 - (ii) source of water differs from the Forecast Production for the preceding Quarter by less than the Review Threshold.

PART C - Bulk Water Prices

8.16 Principles to apply to all Bulk Water Prices

In determining Bulk Water Prices to apply in relation to the supply of water to Grid Customers, the Price Regulator must recognise:

- (a) Government policy settings, objectives and statements regarding the secure, reliable, multi-source supply of water to customers in the SEQ Region;
- (b) Government policy decisions regarding the timing of customer exposure to increased water costs;
- (c) the requirements of the Water Act, the Water Supply Act and any instrument made under or operative pursuant to those acts, the Regional Water Security Program and the System Operating Plan; and
- (d) the reliability and security of the supply to the particular Grid Customer.

8.17 Special Principles: Bulk Water Prices (Potable Water)

In determining the charges payable by Grid Customers for the supply of Potable Water, the Price Regulator must:

- (a) recognise Grid Service Charges determined under this Chapter 8;

- (b) recognise pre-existing policies of government regarding the period over which full cost recovery by the Water Grid Manager is to be achieved;
- (c) take into account the initial bulk water charges for each Grid Customer to which a price path applies, implied from the value of bulk assets transferred to Grid Service Providers under the Restructuring Act; and
- (d) recognise that any over-recovery of costs by the Water Grid Manager as compared to forecast are to be used to offset the carrying value of debt borne by the Water Grid Manager in preference to reducing Bulk Water Prices.

8.18 Special Principles: Bulk Water Prices (Raw Water)

In determining the charges payable by Grid Customers for the supply of Raw Water, the Price Regulator must not determine a charge which is:

- (a) greater than 94% of the Bulk Water Price (Potable Water) for the same period; or
- (b) less than \$650/ML or such other amount as is determined by the Price Regulator as representing the marginal cost of Grid Water from time to time.

8.19 Special Principles: Bulk Water Prices (Purified Recycled Water)

In determining the charges payable by Grid Customers for the supply of Purified Recycled Water, the Price Regulator:

- (a) must not determine a charge which is:
 - (i) greater than the Bulk Water Price (Potable Water) for the same period; or
 - (ii) less than \$650/ML or such other amount as is determined by the Price Regulator as representing the marginal cost of Grid Water from time to time; and
- (b) must take into account the role of Purified Recycled Water in achieving the water security rule under the System Operating Plan.

8.20 Information in relation to Bulk Water Prices

In determining Bulk Water Prices under this section Part C of Chapter 8, the Price Regulator may:

- (a) invite Grid Participants and other interested parties to make submissions as to the determination in such form (if any) as the Price Regulator may reasonably prescribe;
- (b) request such information from Grid Participants and other interested parties as the Price Regulator may reasonably require; and
- (c) conduct such other inquiries and consider such other information as the Price Regulator may reasonably require.

8.21 Application of this Part C

The Price Regulator may, in its absolute discretion, exempt a Grid Customer who is a party to a Grid Contract Document in force at 30 June 2010 from the application of the principles set out in this Part C of Chapter 8.

Chapter 9. Dispute Resolution

9.1 Purpose of Chapter

This Chapter 9 describes the procedures for resolving certain disputes relating to or arising out of the Market Rules.

9.2 Guiding principles and application

- (a) The dispute resolution procedure set out in this Chapter 9 is intended to achieve simple, quick and inexpensive resolution of disputes and encourage resolution of disputes without reliance on legal proceedings.
- (b) This Chapter 9 applies to any dispute between Grid Participants, or between Grid Participants and the Water Grid Manager, about:
 - (i) the application or interpretation of the Market Rules;
 - (ii) any failure to reach agreement on a matter where the Market Rules require:
 - (A) agreement; or
 - (B) the parties to negotiate in good faith with a view to reaching agreement;
 - (iii) the payment of moneys:
 - (A) under the Market Rules; or
 - (B) concerning any obligation under the Market Rules;
 - (iv) any matter relating to or arising out of Operating Protocols between Grid Participants;
 - (v) any other matter relating to or arising out of the Market Rules to which a Grid Contract Document between Grid Participants, or between Grid Participants and the Water Grid Manager, provides that the dispute resolution procedure under the Market Rules is to apply;
 - (vi) any other matter relating to or arising out of the Market Rules in respect of which Grid Participants, or Grid Participants and the Water Grid Manager, have agreed in writing that the dispute resolution procedure under the Market Rules is to apply;
 - (vii) any dispute relating to the application of any Security or whether Security is required to be provided by the Water Grid Manager or a Grid Customer under Chapter 2; or
 - (viii) any other matter that the Market Rules provide may or must be dealt with under this Chapter 9,
(Dispute).
- (c) Except as provided in section 9.2(d), where a Dispute arises, then before commencing legal proceedings:
 - (i) if the Dispute is between Grid Participants only, the parties concerned must comply with the Stage 1 Dispute Resolution Procedure, the Stage 2 Dispute Resolution Procedure and the Stage 3 Dispute Resolution Procedure; and

- (ii) if the Dispute is between Grid Participants and the Water Grid Manager, the parties concerned must comply with:
 - (A) the Stage 1 Dispute Resolution Procedure and the Stage 2 Dispute Resolution Procedure; and
 - (B) the Stage 3 Dispute Resolution Procedure, but only if agreed between all the parties to the Dispute.
- (d) Notwithstanding section 9.2(c):
 - (i) a party to a Dispute may seek an urgent interlocutory injunction from a court of competent jurisdiction; and
 - (ii) if a party to a Dispute considers that the Dispute is of an urgent nature, that party may refer the Dispute to the Chief Executive Officer of the Rules Administrator (**Chief Executive**) for determination in accordance with section 9.4.
- (e) This Chapter 9 does not apply to any dispute between Grid Participants, or between Grid Participants and the Water Grid Manager, regarding their respective shares of liability related to or arising out of a Claim made by or against a person who is not a Grid Participant or the Water Grid Manager, where that Claim is to be determined in proceedings commenced in a court of competent jurisdiction, whether or not that Claim has been finally determined.
- (f) The parties to a Dispute must continue to perform their obligations under the Market Rules despite the existence of a Dispute or the application of any part of the procedure described in this Chapter 9.

9.3 Nomination of Dispute Contacts

- (a) Each Grid Participant and the Water Grid Manager must:
 - (i) nominate a person to be the first point of contact for the notification of Disputes under this Chapter (**Dispute Contact**); and
 - (ii) promptly notify the Rules Administrator of the identity and contact details of its Dispute Contact and of any change in the identity or contact details of its Dispute Contact.
- (b) The Rules Administrator may from time to time publish a list of the Dispute Contacts and contact details notified to the Rules Administrator under section 9.3(a)(ii) and must provide those details to a Grid Participant or the Water Grid Manager on request.
- (c) The Chief Executive Officer of each Grid Participant and the Water Grid Manager is taken to be the Dispute Contact of that party unless and until a different person is nominated and notified to the Rules Administrator in accordance with section 9.3(a).

9.4 Determination of urgent matters

- (a) A party to a Dispute may, at any time before the Stage 2 Dispute Resolution Procedure commences, refer a Dispute that it considers to be of an urgent nature for determination in accordance with this section 9.4 by serving an Urgent Dispute Notice on:
 - (i) first, the Dispute Contact of each other party to the Dispute; and
 - (ii) second, the Chief Executive.

- (b) An Urgent Dispute Notice must:
 - (i) be in a form approved and published by the Rules Administrator;
 - (ii) provide details of the Dispute and the circumstances giving rise to the Dispute, including the reasons that the party considers the Dispute to be of an urgent nature; and
 - (iii) if the Water Grid Manager is not a party to the Dispute, be copied to the Water Grid Manager, for information purposes only and subject to section 9.11.
- (c) Following receipt of an Urgent Dispute Notice by the Chief Executive, the Chief Executive must determine whether the Dispute is of an urgent nature. The determination of the Chief Executive under this section 9.4(c):
 - (i) must be in writing but need not contain the Chief Executive's reasons for making the determination;
 - (ii) must be made as soon as practicable having regard to the nature of the Dispute, and in any event no later than 2 Business Days after receipt of the Urgent Dispute Notice by the Chief Executive;
 - (iii) be notified to the parties to the Dispute promptly following the determination; and
 - (iv) is final and binding on the parties.
- (d) In making a determination under section 9.4(c), the Chief Executive:
 - (i) will act as an expert and not as an arbitrator and may proceed in any manner that the Chief Executive considers appropriate, without being bound by the rules of evidence;
 - (ii) must give the other parties to the Dispute an opportunity to comment on the Urgent Dispute Notice;
 - (iii) may call a conference of the parties;
 - (iv) may ask for further written submissions from any party; and
 - (v) may set deadlines for further submissions by the parties.
- (e) The Chief Executive's power to make a determination under section 9.4(c) is not affected by the failure of any party to the Dispute to make a submission or comment within time or to comply with the Chief Executive's call for a conference of the parties.
- (f) If the Chief Executive determines under section 9.4(c) that the Dispute is of an urgent nature, then:
 - (i) the Stage 1 Dispute Resolution Procedure will not apply;
 - (ii) the Stage 2 Dispute Resolution Procedure will apply with the following modifications:
 - (A) section 9.6(b) will not apply and the Chief Executive:
 - (I) may, if he or she considers appropriate, determine the Dispute in accordance with sections 9.6(c), 9.6(e) and 9.6(f), as if references in those sections to an 'expert' are references to the 'Chief Executive'; or

- (II) otherwise, must within 5 Business Days of the Chief Executive's determination under section 9.4(c), appoint a suitably qualified expert to determine the Dispute in accordance with sections 9.6(c) to 9.6(f); and
- (B) for the purposes of section 9.6(e)(ii), the determination of the Chief Executive or expert (as the case may be) must be made within 5 Business Days after the commencement of the Stage 2 Dispute Resolution Procedure; and
- (iii) for the purposes of section 9.7(a), the reference to 30 Business Days is taken to be a reference to 10 Business Days.
- (g) If the Chief Executive determines under section 9.4(c) that the Dispute is not of an urgent nature, then section 9.2(c) applies.

9.5 Stage 1 Dispute Resolution Procedure - Negotiation

- (a) A Grid Participant or the Water Grid Manager may only activate the Stage 1 Dispute Resolution Procedure by serving a Dispute Notice on the Dispute Contact of another Grid Participant or the Water Grid Manager (as the case may be).
- (b) A Dispute Notice:
 - (i) must be in a form approved and published by the Rules Administrator;
 - (ii) must provide details of the Dispute and the circumstances giving rise to the Dispute; and
 - (iii) be copied to:
 - (A) the Rules Administrator; and
 - (B) if the Water Grid Manager is not a party to the Dispute, the Water Grid Manager, for information purpose only and subject to section 9.11.
- (c) Within 10 Business Days of service of a Dispute Notice, the Authorised Representatives must meet to determine, by agreement, a procedure for the speedy resolution of the Dispute (**Stage 1 Procedure**).
- (d) A meeting of the Authorised Representatives under section 9.5(c):
 - (i) may be conducted in person, by telephone, video-conference or any method of real time communication;
 - (ii) may agree that the Stage 1 Procedure should be conducted by any consensual means, including by direct discussions between the parties or by mediation; and
 - (iii) must consider whether any other person should be served with a Dispute Notice.
- (e) If the Authorised Representatives, meeting in accordance with sections 9.5(c) and 9.5(d), all agree that a person that was not previously a party to the Dispute should be served with a Dispute Notice, any one or more of them may serve a Dispute Notice on the Dispute Contact of that other person. Where a person is served with such a notice, that person must within 10 Business Days meet with the other parties to the Dispute to determine, by agreement, the further conduct of the Stage 1 Procedure in accordance with sections 9.5(c) and 9.5(d).

9.6 Stage 2 Dispute Resolution Procedure – Expert Determination

- (a) The Stage 2 Dispute Resolution Procedure commences:
 - (i) if the Dispute is not resolved within 30 Business Days (or such other period as is agreed by all the parties) after the day on which a Dispute Notice was last served on a party, and any party to the Dispute serves a notice on the Dispute Contacts of the other parties to the Dispute electing to apply the Stage 2 Dispute Resolution Procedure;
 - (ii) as modified by section 9.4(f)(ii), if the Chief Executive determines, under section 9.4(c), that the Dispute is of an urgent nature; and
 - (iii) for section 3.19(d) of the Market Rules, on the date the last party receives the notice under section 3.19(d) referring the terms of an Operating Protocol for determination under this section 9.6.
- (b) The parties to the Dispute must endeavour to agree on a suitably qualified expert to determine the Dispute, but if they do not agree on who to appoint within 10 Business Days of the commencement of the Stage 2 Dispute Resolution Procedure, then the expert is to be nominated at the request of any party by the Chief Executive;
- (c) The appointed expert will act as an expert and not as an arbitrator and may proceed in any manner that the expert considers appropriate, without being bound by the rules of evidence.
- (d) An expert appointed under this section 9.6 must:
 - (i) not have any interest or duty that conflicts, or that may conflict, with his or her function as an expert;
 - (ii) disclose to the parties any interest or duty which may conflict with his or her appointment as expert before being appointed and at any time thereafter if such an interest or duty arises; and
 - (iii) not be an employee or agent of either party (or a Related Entity of either party).
- (e) The expert's determination:
 - (i) must be given in writing, but need not contain the expert's reasons for making the determination;
 - (ii) must be made as quickly as possible and, unless otherwise agreed by the parties within 20 Business Days after the Dispute is referred to the expert;
 - (iii) except as provided in section 3.19(g), is not final and binding, unless otherwise agreed by the parties; and
 - (iv) subject to and in accordance with sections 11.1 to 11.3, must be kept confidential unless otherwise agreed by the parties.
- (f) Notwithstanding any other provision of this Chapter 9, a party to the Dispute may request the expert to join another Grid Participant or the Water Grid Manager in the Stage 2 Dispute Resolution Process and, if the expert considers the joinder is appropriate, that Grid Participant or the Water Grid Manager is deemed to have consented to be joined in and be subject to the Stage 2 Dispute Resolution Process.

9.7 Stage 3 Dispute Resolution Procedure - Arbitration

- (a) Subject to section 9.4(f)(iii), if the Dispute is not resolved within 30 Business Days after the date of the determination of the Chief Executive or expert (as the case may be) under the Stage 2 Dispute Resolution Procedure (or such other period as is agreed by all the parties), any party may refer the Dispute to arbitration by serving a Referral Notice on:
 - (i) first, the Dispute Contact of each other party to the Dispute; and
 - (ii) second, the Rules Administrator.
- (b) A Referral Notice:
 - (i) must be in a form approved and published by the Rules Administrator;
 - (ii) must provide details of the Dispute and the circumstances giving rise to the Dispute;
 - (iii) identify all of the parties to the Dispute;
 - (iv) certify that the referring party has complied with its obligations under either or both of the Stage 1 Dispute Resolution Procedure and the Stage 2 Dispute Resolution Procedure (as the case may be);
 - (v) request the Rules Administrator to refer the Dispute to arbitration in accordance with this section 9.7; and
 - (vi) if the Water Grid Manager is not a party to the Dispute, be copied the Water Grid Manager for information purposes only and subject to section 9.11.
- (c) The Rules Administrator must within 10 Business Days of being served with the Referral Notice appoint an arbitrator and notify all of the parties to the Dispute of that appointment.
- (d) A Dispute referred to arbitration pursuant to section 9.7(a) is governed by the provisions of the *Commercial Arbitration Act 1990 (Qld)*.
- (e) Notwithstanding any other provision of this Chapter 9, a party to the Dispute may request the arbitrator to join another Grid Participant or the Water Grid Manager in the Stage 3 Dispute Resolution Process and, if the arbitrator considers the joinder is appropriate, that Grid Participant or the Water Grid Manager is deemed to have consented to be joined in and be subject to the Stage 3 Dispute Resolution Process.

9.8 Legal representation

- (a) In any meeting, negotiation or mediation forming part of the Stage 1 Dispute Resolution Procedure or Stage 2 Dispute Resolution Procedure, a party is entitled to be legally assisted, but must not use a legal representative as its advocate, except with the agreement of all the other parties.
- (b) A party is entitled to be legally represented throughout the Stage 3 Dispute Resolution Procedure.

9.9 Cost of dispute resolution

- (a) Each party to a Dispute must bear its own costs associated with the Stage 1 Dispute Resolution Procedure and the Stage 2 Dispute Resolution Procedure.

- (b) The costs, other than the costs of the parties, of the Stage 1 Dispute Resolution Procedure and Stage 2 Dispute Resolution Procedure are to be borne equally by the parties to the Dispute, unless otherwise agreed between the parties.

9.10 Limitation of liability

- (a) To the extent permitted by law, none of:
 - (i) the Rules Administrator, including the Chief Executive;
 - (ii) an expert appointed under the Stage 2 Dispute Resolution Procedure;
 - (iii) an arbitrator appointed under the Stage 3 Dispute Resolution Procedure; or
 - (iv) a person to whom a Dispute is referred for mediation or other form of resolution under a provision of this Chapter,

is liable for any loss, damage or liability suffered or incurred by a party to the Dispute or any other person as a consequence of any act or omission of those persons which was done in good faith in connection with the Dispute.

9.11 Confidentiality

The parties to the Dispute and any person that receives a copy of a notice under this Chapter 9 must keep confidential:

- (a) the fact that a Dispute exists between the parties to the Dispute;
- (b) any notice and the contents of any notice given or received under this Chapter 9; and
- (c) any information exchanged between them for the purposes of attempting to resolve the Dispute,

unless otherwise agreed between the parties to the Dispute, subject to and in accordance with sections 11.1 to 11.3.

Chapter 10. Rule Changes

10.1 Changing the Market Rules

- (a) These Market Rules may only be changed in accordance with the Water Act or any other legislation that expressly provides for the amendment of these Market Rules.
- (b) The Rules Administrator must recommend a change to these Market Rules (**Rule Change**) to the person or body authorised under that legislation to make changes to these Rules if:
 - (i) any person including the Rules Administrator proposes a Rule Change; and
 - (ii) where the Rule Change is proposed:
 - (A) by a person other than the Rules Administrator, the Rules Administrator recommends the proposed Rule Change in accordance with sections 10.3 and 10.4; or
 - (B) by the Rules Administrator, the Rules Administrator has complied with section 10.3 and the Rules Administrator is satisfied that the Rule Change satisfies the provisions of section 10.2(b)(iii).
- (c) The Rules Administrator must develop and, during March each year, make available to Grid Participants a report which sets out:
 - (i) all Rule Change proposals which have been made in the previous twelve month period and any decisions (but not the reasons for those decisions) and any requests for further information made by the Rules Administrator under section 10.4(a)(i) in relation to those Rule Change proposals;
 - (ii) the progress of those Rule Change proposals in accordance with the procedures prescribed in this Chapter 10;
 - (iii) the reason for any delays in relation to the progress of those Rule Change proposals and any action the Rules Administrator has taken to overcome those delays; and
 - (iv) any other matter which the Rules Administrator reasonably considers to be relevant to the progress of Rule Change proposals, including but not limited to, any policies developed by the Rules Administrator in relation to:
 - (A) the way in which it intends to deal with any procedure specified in this Chapter 10; and
 - (B) the facts, matters or circumstances which the Rules Administrator may take into account in making a decision and otherwise discharging its functions and obligations under this Chapter 10,provided that nothing in this section 10.1(c)(iv) is to be taken to limit the exercise by the Rules Administrator of its discretion under this Chapter 10.

10.2 Proposals by persons other than the Rules Administrator

- (a) Any person may submit a proposed Rule Change to the Rules Administrator.
- (b) A submission made under section 10.2(a) must:
 - (i) be in writing;

- (ii) include the name and address of the applicant;
 - (iii) demonstrate that the Rule Change is:
 - (A) consistent with the Market Outcomes;
 - (B) feasible;
 - (C) not unreasonably costly to implement; and
 - (D) where the effect of the Rule Change will be to replace an existing section of these Market Rules, a more appropriate or better means of achieving the Market Outcomes;
 - (iv) include a brief statement of the reasons why a Rule Change is necessary or desirable; and
 - (v) contain sufficient information to permit a proper consideration by the Rules Administrator of those reasons, including the public benefit (if any) of the Rule Change.
- (c) A submission made under section 10.2(a) may include a draft of the relevant Rule Change.

10.3 The Rules' Administrators consideration of proposed Rule Change

In considering a Rule Change proposed by a person other than the Rules Administrator, or before itself proposing a Rule Change, the Rules Administrator:

- (a) must take into account any information and documents which the Rules Administrator reasonably considers to be relevant to its consideration of the proposed Rule Change;
- (b) must consult with persons who the Rules Administrator reasonably considers will be likely to be affected by the proposed Rule Change; and
- (c) may seek such information and views from any person in relation to the submission as may be practicable in the circumstances, having regard to the nature of the proposed Rule Change.

10.4 Rules Administrator's decision on Rule Change proposed by other person

- (a) Subject to sections 10.4(b), the Rules Administrator must make a decision to recommend, or not recommend, a Rule Change proposed in accordance with section 10.2 as soon as practicable but no later than 60 Business Days after receiving a proposal for a Rule Change, unless the Rules Administrator reasonably considers that:
 - (i) it has insufficient information to enable it to make a decision under this section 10.4, in which case the Rules Administrator may request the person who made the submission under section 10.2(a) to provide to the Rules Administrator that further information, and the 60 Business Day period within which the Rules Administrator is otherwise required to make a decision under this section 10.4 is then to be extended by the number of days in the period commencing on the day of the Rules Administrator's request for further information to and including the day on which the Rules Administrator received that information; or
 - (ii) due to the nature of the proposed Rule Change and the supporting information to be assessed by the Rules Administrator in making its decision under this section 10.4, it is not practicable for the Rules Administrator to make a decision within 60 Business Days, in which case the Rules Administrator may extend the period

within which it must make a decision under this section 10.4 by a maximum further period of 30 Business Days, resulting in a total maximum period of 90 Business Days.

- (b) If the Rules Administrator decides not to recommend a Rule Change proposed in accordance with section 10.2, the Rules Administrator must give notice of its decision to the person or persons who proposed the Rule Change.

10.5 Recommendation by the Rules Administrator for Rule Change

- (a) If a Rule Change is:
 - (i) proposed by the Rules Administrator; or
 - (ii) proposed by a person other than the Rules Administrator under section 10.2,and the Rules Administrator decides to recommend the Rule Change in accordance with sections 10.3 and 10.4, then the Rules Administrator must as soon as practicable recommend that Rule Change to the person or body authorised to make changes to these Market Rules.
- (b) A recommended Rule Change which is submitted by the Rules Administrator under section 10.5(a) must be accompanied by:
 - (i) any supporting information that the Rules Administrator:
 - (A) considers relevant and appropriate; and
 - (B) is able to provide,to enable the person or body properly to assess the merits of the Rule Change;
 - (ii) any other information that the Rules Administrator is required to provide under the Water Act or other applicable legislation;
 - (iii) a statement from the Rules Administrator confirming that the procedures set out in this Chapter 10 have been followed in relation to the recommended Rule Change; and
 - (iv) the date on which the recommended Rule Change is proposed to take effect.

Chapter 11. General Provisions

11.1 Sharing of Confidential Information

- (a) Confidential Information is information which a Grid Participant considers would not be in the public interest to disclose to other entities or the public.
- (b) Where a Grid Participant or the Water Grid Manager provides Confidential Information to another entity, the provider of the information (**Disclosing Party**) must inform, in writing, the entity or entities receiving the information (**Receiving Party**) that it is considered Confidential, and mark it as such.
- (c) The Disclosing Party must identify what factors it considers support confidentiality of the information being in the public interest.

11.2 Confidentiality

- (a) Each Grid Participant, the Water Grid Manager and the Rules Administrator (each being a "**Recipient**" for the purposes of this section and section 11.3) must use all best endeavours to keep confidential any Confidential Information, which comes into the possession or control of that Recipient or of which that Recipient becomes aware.
- (b) A Recipient:
 - (i) must not disclose Confidential Information to any person except as permitted by section 11.3;
 - (ii) must only use or reproduce Confidential Information for the purpose for which it was disclosed or another purpose contemplated by the Market Rules; and
 - (iii) must not permit unauthorised persons to have access to Confidential Information.
- (c) Each Recipient must use all reasonable endeavours:
 - (i) to prevent unauthorised access to Confidential Information which is in the possession or control of that Recipient; and
 - (ii) to ensure that any person to whom it discloses Confidential Information observes the provisions of this section in relation to that information.

11.3 Exceptions to confidentiality

A Recipient may disclose, use or reproduce Confidential Information in the following circumstances:

- (a) (**public domain**): the relevant information is at the time generally and publicly available other than as a result of breach of confidence by the Recipient who wishes to disclose, use or reproduce the information or any person to whom the Recipient has disclosed the information;
- (b) (**employees and advisers**): to:
 - (i) an employee or officer of the Recipient or a Related Entity of the Recipient; or
 - (ii) a legal or other professional adviser, auditor or other consultant of the Recipient, which require the information for the purposes of the Market Rules, or for the purpose of advising the Recipient in relation thereto;

- (c) (**consent**): with the consent of the person or persons who provided the relevant information under the Market Rules;
- (d) (**law**): to the extent required by law or by a lawful requirement of:
 - (i) any government or governmental body, authority or agency having jurisdiction over a Recipient or its Related Entities; or
 - (ii) any stock exchange having jurisdiction over a Recipient or its Related Entities;
- (e) (**Responsible Ministers, shareholding Ministers and Participants**): to the responsible Ministers of a Grid Service Provider or the Water Grid Manager, the shareholding Ministers of a Grid Customer or a Distribution Service Provider's Participants and their staff;
- (f) (**Queensland Audit Office**): to the Queensland Audit Office;
- (g) (**disputes**): if required in connection with legal proceedings, arbitration, expert determination or other dispute resolution mechanism relating to the Market Rules, or for the purpose of advising a person in relation thereto without limitation to section 9.11;
- (h) (**trivial**): the disclosure, use or reproduction of information is trivial in nature;
- (i) (**public health and safety and asset protection**): it is required to protect the health and safety of the public or any person, or to protect any asset or equipment of a Grid Participant;
- (j) (**potential investment**): it is reasonably required in connection with the Recipient's financing arrangements, investment in that Recipient or a disposal of that Recipient's assets;
- (k) (**regulator**): the disclosure of information to the Rules Administrator or any other regulatory authority having jurisdiction over a Recipient, pursuant to the Market Rules or other legislation;
- (l) (**QWC**): the relevant information has been requested by the QWC in connection with its functions;
- (m) (**reports**): the information is of an historical nature in connection with the preparation and giving of reports under the Market Rules; and
- (n) (**aggregate sum**): the disclosure, use or reproduction of information as an unidentifiable component of an aggregate sum.

Prior to making disclosure under this section, the Recipient must inform the proposed recipient of the confidentiality of the information and must take appropriate precautions to ensure that the proposed recipient keeps the information confidential in accordance with this section and does not use the information for any purpose other than that permitted under this section.

11.4 Interpretation

In interpreting or applying any provision of these Market Rules, such fair, large and liberal interpretation shall be given as will best achieve the intent and object of these Market Rules both generally and in any specific case.

11.5 General

In these Market Rules, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these Market Rules;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (e) where capitalised, a word or phrase has the definition given to that word or phrase in Chapter 12;
- (f) other parts of speech and grammatical forms of a word or phrase defined in these Market Rules have a corresponding meaning;
- (g) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any government agency or Statutory Body;
- (h) a reference to any thing (including, but not limited to, any right) includes a part of that thing;
- (i) a reference to a section, paragraph, part, annexure, exhibit or schedule is a reference to a section and paragraph and part of, and an annexure, exhibit and schedule to these Market Rules and a reference to these Market Rules includes any annexure, exhibit and schedule;
- (j) a reference to a statute, regulation, proclamation, order in council, ordinance or by-law includes all statutes, regulations, proclamations, orders in council, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, orders in council, ordinances, and by-laws issued under that statute;
- (k) a reference to these Market Rules or to a document or a provision of a document includes an amendment or supplement to, or replacement or novation of, these Market Rules or that document or that provision of that document;
- (l) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assignees;
- (m) a reference to a body other than a Grid Participant (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (n) a reference in the context of any provision of these Market Rules to a "representative" of any person is a reference to any director, officer or employee of that person or any agent, consultant or contractor appointed or engaged by that person for purposes connected with the subject matter of the relevant provision of these Market Rules;
- (o) nothing contained in a document referred to in these Market Rules, beyond what is expressly contemplated by these Market Rules as being contained in such document or is necessary for the purposes of giving effect to a provision of these Market Rules, shall

modify or have any effect for the purposes of these Market Rules or be construed as relevant to the interpretation of these Market Rules; and

- (p) capitalisation is used as a guide only to the fact that a word or phrase is defined in Chapter 12.

11.6 Times and dates

- (a) Unless the context otherwise requires, or except where these Market Rules expressly provide to the contrary, a reference in these Market Rules:
 - (i) to a calendar day (such as 1 January) or a day of the week (such as Sunday) is to the day which begins at 00:00 hours on that day;
 - (ii) to a week is to the period from 00:00 hours on a day until 00:00 hours on the seventh day following;
 - (iii) to a month (or a number of months) or a calendar month is to the period from 00:00 hours on a day in one month until 00:00 hours on the same day of the month which follows (or follows by the relevant number of months), or if there is no such day in that month, 00:00 hours on the first day of the next following month;
 - (iv) to a year is to the period from 00:00 hours on a day in one year until 00:00 hours on the same day (or where the day in the first year was 29 February, on 1 March) in the following year, and a reference to a calendar year (such as 2008) is to be construed accordingly; and
 - (v) to times of the day is to Brisbane time.
- (b) Unless the context otherwise requires, a period of time:
 - (i) which dates from a given day or the day of an act or event is to be calculated exclusive of that day; or
 - (ii) which commences on a given day or the day of an act or event is to be calculated inclusive of that day.
- (c) Where under any provision of these Market Rules a person is required to provide any information by a certain date or time, the relevant provision is to be taken to include a requirement that that information must be provided not earlier than is reasonable before that date or time.
- (d) If a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur in or by the next Business Day.
- (e) Notwithstanding any other provision of these Market Rules, the Rules Administrator may, with the prior agreement of all affected Grid Participants, amend any amount, date, time or period of time specified in these Market Rules in any particular case or generally, whether before or after the expiry of that date, time or period of time as the case may be, provided that if such agreement is not obtained, the Rules Administrator may, on notice given to all affected Grid Participants and with the approval of the Minister, amend any such amount, date, time or period of time in any particular case or generally, whether before or after the expiry of that date, time or period of time, as the case may be.

11.7 Notices

- (a) A notice is properly given under these Market Rules to a person if:
 - (i) it is personally served;
 - (ii) a letter containing the notice is prepaid and posted to the person at an address (if any) supplied by the person to the sender for service of notices or, where the person is a Grid Participant, an address shown for that person in the register of Grid Participants maintained by the Rules Administrator, or, where the addressee is the Rules Administrator, the registered office of the Rules Administrator;
 - (iii) it is sent to the person by facsimile or Electronic Communication to a number or reference which corresponds with the address referred to in section 11.7(a)(ii) or which is supplied by the person to the Rules Administrator for service of notices and, if sent by Electronic Communication, the person sending the notice also sends a copy of the notice by letter or facsimile to the person on the same day; or
 - (iv) the person receives the notice.
- (b) A notice is treated as being given to a person by the sender:
 - (i) where sent by post in accordance with section 11.7(a)(ii) to an address in the central business district of a capital city of Australia, on the second business day after the day on which it is posted; and
 - (ii) where sent by post in accordance with section 11.7(a)(ii) to any other address, on the third business day after the day on which it is posted;
 - (iii) where sent by facsimile in accordance with section 11.7(a)(ii) and a complete and correct transmission report is received:
 - (A) where the notice is of the type in relation to which the addressee is obliged under these Market Rules to monitor the receipt by facsimile outside of, as well as during, business hours, on the day of transmission; and
 - (B) in all other cases, on the day of transmission if a business day or, if the transmission is on a day which is not a business day or is after 4:00 pm (addressee's time), at 9:00 am on the following business day;
 - (iv) where sent by Electronic Communication in accordance with section 11.7(a)(iii):
 - (A) where the notice is of a type in relation to which the addressee is obliged under these Market Rules to monitor receipt by Electronic Communication outside of, as well as during, business hours, on the day when the notice is recorded as having been first received at the Electronic Communication destination; and
 - (B) in all other cases, on the day when the notice is recorded as having been first received at the Electronic Communication destination, if a business day or if that time is after 4:00 pm (addressee's time), or the day is not a business day, at 9:00 am on the following business day; or
 - (v) in any other case, when the person actually receives the notice.
- (c) Any notice to or by a person under these Market Rules:
 - (i) must be in legible writing and in English; and

- (ii) must be signed by an Authorised Person or where no Authorised Person is listed on the Register of Grid Participants and the sender is a company or Statutory Body, must be signed by a director, secretary or chief executive office of that company or Statutory Body or under the common seal of the sender (except where the notice is sent by Electronic Communication).
- (d) Where a specified period (including, without limitation, a particular number of days) must elapse or expire from or after the giving of a notice before an action may be taken neither the day on which the notice is given nor the day on which the action is to be taken may be counted in reckoning the period.
- (e) In this section 11.7, a reference to:
 - (i) an addressee includes a reference to an addressee's officers, agents, or employees or any person reasonably believed by the sender to be an officer, agent or employee of the addressee; and
 - (ii) a notice includes any request, demand, consent or approval or other communication to or by a person under these Market Rules.

11.8 Assignment

Unless otherwise expressly permitted by these Market Rules, a Grid Participant or the Water Grid Manager must not assign or transfer and must not purport to assign or transfer any of its rights or obligations under these Market Rules.

11.9 Waiver

A person does not waive its rights, powers and discretions under these Market Rules by:

- (a) failing to exercise its rights;
- (b) only exercising part of its rights; or
- (c) delaying the exercise of its rights.

11.10 Retention of records and documents

Unless otherwise specified in these Market Rules, all records and documents prepared for or in connection with these Market Rules must be retained for a period of at least seven years or such longer period as required by any law or applicable government policy.

11.11 Severability

Each part or all of a provision of these Market Rules:

- (a) will be construed so as to be valid and enforceable to the greatest extent possible; and
- (b) may be so construed (or deleted if necessary) regardless of the effect which that may have on the provision in question or any other provision or these Market Rules as a whole.

Chapter 12. Definitions

Allowable Costs	means a charge to recover costs of the type identified in section 8.14.
Alternate Methodology	means the methodology for estimating volumes at flow rates at Bulk Supply Points published in accordance with section 6.3.
Annual Demand Forecast Notice	has the meaning given in section 4.7A(a).
Applicant	has the meaning given in section 2.13(a).
Approved Operating Protocol	means: <ul style="list-style-type: none">(a) an Operating Protocol approved by the Water Grid Manager under section 3.19; or(b) until 31 January 2012, if an Operating Protocol has not been approved by the Water Grid Manager under section 3.19, an Interim Operating Arrangement.
Authorised Person	means a person who is listed on the Register of Grid Participants as being authorised to send and receive notices under these Market Rules as amended from time to time.
Authorised Representatives	means representatives of the party that served a Dispute Notice and every party on whom the Dispute Notice was served, each having appropriate authority to resolve the Dispute.
Bankrupt	has the meaning given in section 5 of the <i>Bankruptcy Act 1966</i> (Cth).
Breach Notice	has the meaning given in section 2.16(a).
Breach Notice Recipient	has the meaning given in section 2.16(a).
Bulk Supplier	means a Grid Participant registered in the category set out in section 2.5(a)(i).
Bulk Supply Point	means the point at which water leaves Infrastructure owned by a Grid Service Provider for supply to Infrastructure owned by another Grid Service Provider or a Grid Customer or Distribution Service Provider.
Bulk Supply Services	means services associated with catchment management, harvesting of water, storage of Raw Water in dams, reservoirs, lakes and aquifers, operation of water treatment plants, transportation of Raw Water from storages to water treatment plants and Potable Water from water treatment plants to storages and storage of Potable Water.
Bulk Transport Services	means services associated with the transportation of Potable Water including operation of pump stations through a network of trunk mains and includes temporary storage and treatment of Potable Water while in transit.
Bulk Transporter	means a Grid Participant registered or deemed to be registered in the

	category set out in section 2.5(a)(ii).
Bulk Water Prices	means Bulk Water Prices (Potable Water), Bulk Water Prices (Raw Water) and Bulk Water Prices (Purified Recycled Water).
Bulk Water Prices (Potable Water)	means Bulk Water Prices in respect of Potable Water determined under sections 8.16 and 8.17.
Bulk Water Prices (Purified Recycled Water)	means Bulk Water Prices in respect of Purified Recycled Water determined under sections 8.16 and 8.19.
Bulk Water Prices (Raw Water)	means Bulk Water Prices in respect of Raw Water determined under section 8.16 and 8.18.
Business Day	means: <ul style="list-style-type: none"> (a) for receiving a notice under section 11.7, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in Brisbane, Australia.
Business Hours	means from 9:00am to 5:00pm on a Business Day.
Capital Charge	means a charge determined under section 8.11.
Category B Grid Customer	has the meaning given in section 3.14.
Change in Law	means: <ul style="list-style-type: none"> (a) a change to or the introduction of any law, tax, duty or charge that is imposed by an Australian State or Federal government occurring after 1 July 2010 that is relevant to the provision of the relevant Declared Water Services; or (b) a change in the conditions of any approval required to be held in order to provide the relevant Declared Water Services.
Charges	means the Charges payable by a Grid Customer to the Water Grid Manager under a Grid Contract Document.
Chief Executive	has the meaning given in section 9.2(d)(ii).
Claim	means a claim, however described, for damages based on liability for personal injury, damage to property or economic loss, whether that liability is based in tort or contract or in or on another form of action, including breach of statutory duty and, for a fatal injury, includes a claim for the deceased's dependants or estate.
Compliance Notice	has the meaning given in section 2.16(e).
Confidential	has the meaning given in section 11.1.

Information

Controller	has the meaning given in section 2.17.
Customer Infrastructure	means the Infrastructure through which the Grid Customer will take water supplied under a Grid Contract Document.
Data Collection System	has the meaning given in section 6.15.
Declared Water Services	means a water service declared by the Minister under Chapter 2A, Part 5A, Division 2 of the Water Act.
Deemed Grid Participant	means a person who is taken to be a registered Grid Participant in the Grid Customer and Distribution Service Provider categories under section 53AE of the DR Act.
Demand Zone	has the meaning given in section 4.3(a).
Desalinated Water	means water converted from saline (saltwater) to drinking water through a process involving reverse osmosis or membrane technologies.
Dispute	has the meaning given in section 9.2(b).
Dispute Contact	has the meaning given in section 9.3(a)(i).
Dispute Notice	has the meaning given in section 9.5(b).
Distribution Service Provider	a Grid Participant registered in the category set out in section 2.5(c) or a Deemed Grid Participant who is a Distribution Service Provider as defined in Schedule 4 of the Water Act.
Distribution Service Provider Emergency Response Plan	has the meaning given in section 4.27.
Documents	has the meaning given in section 1.10.
Drinking Water	has the meaning given in Schedule 3 of the Water Supply Act.
Drinking Water Quality Management Plan	has the meaning given in Schedule 3 of the Water Supply Act.
DR Act	means the <i>South-East Queensland Water (Distribution and Retail Restructuring) Act 2009</i> (Qld).
Electronic Communication	means: (a) a communication of information in the form of data, text or images by guided or unguided electromagnetic energy; or (b) a communication of information in the form of sound by guided or unguided electromagnetic energy, if the sound is processed at its destination by an automated voice recognition system.
Emergency Operating	means Operating Instructions issued by the Water Grid Manager

Instructions	under section 4.23.
Externally-Administered Body Corporate	has the meaning given in section 9 of the <i>Corporations Act 2001</i> (Cth).
Financial Year	means the period of time beginning on 1 July in any year and ending on 30 June of the following year.
Fixed Operating Charge	means a charge determined pursuant to sections 8.12.
Flood Mitigation Manual	means a manual prepared under section 370 of the Water Supply Act.
Good Operating Practice	has the meaning given in section 3.13.
Grid Contract Documents	means a document made by the Minister under section 360ZDD of the Water Act.
Grid Customer	has the meaning given in Schedule 4 of the Water Act and includes a person registered in accordance with section 2.5(b).
Grid Instructions	means instructions given to Grid Service Providers and Distribution Service Providers in accordance with Chapter 4.
Grid Instruction Guidelines	means the guidelines, if any, developed by the Water Grid Manager about complying with Grid Instructions and related matters in accordance with section 4.8.
Grid Participant	has the meaning given in section 2.3.
Grid Service Charges	means charges determined pursuant to Part B of Chapter 8.
Grid Service Provider	has the meaning given in Schedule 4 of the Water Act and includes a Bulk Supplier, Bulk Transporter and Manufactured Water Provider.
Grid Service Provider Emergency Response Plan	has the meaning given in section 4.27.
Grid Water	means Potable Water, Raw Water and Manufactured Water within the Water Grid.
Infrastructure	means Water Supply Works and any other water storage, treatment, transportation and reticulation infrastructure owned or controlled by a Grid Participant, including dams, reservoirs, weirs, pipelines, water treatment plants, desalination plants, advanced water treatment plants, pump-stations, other ancillary infrastructure and works and all other such infrastructure under development or developed at any time in the future to supplement, enhance, augment, or replace such infrastructure.
Initial Regulated Asset Base	means the Regulated Asset Base applying to the relevant Grid Service Provider at 1 July 2008.

Interim Operating Arrangement	means: <ul style="list-style-type: none"> (a) any draft Operating Protocol prepared in accordance with Good Operating Practice that has been submitted for approval in accordance with section 3.19(a); and (b) any instructions or protocols prepared in accordance with Good Operating Practice: <ul style="list-style-type: none"> (i) that have been notified to a Grid Participant and the Water Grid Manager in writing by another Grid Participant with whom the Grid Participant's operations interact; and (ii) to which the Grid Participant has not objected in writing.
Investigating Authority	means: <ul style="list-style-type: none"> (a) for Grid Service Charges to apply following 1 July 2010, the Price Regulator; and (b) for Grid Service Charges to apply following 1 July 2011, the Queensland Competition Authority.
Isolated Supply Scheme	means Infrastructure from which water is supplied to a distribution area without transportation by a Bulk Transporter.
Manufactured Water	includes Desalinated Water and Purified Recycled Water.
Manufactured Water Provider	a Grid Participant registered in the category set out in section 2.5(a)(iii).
Manufactured Water Services	includes production of Desalinated Water and production and transportation Purified Recycled Water.
Manufacturer's Specifications	means the specifications for maintenance and operation of a meter issued by the manufacturer of the meter.
Market	means the market established under Chapter 2A, Part 5A of the Water Act.
Market Outcomes	has the meaning given in section 3.2.
Market Rules	has the meaning given in section 1.1.
Meter Data	means the data obtained or derived from a Metering Installation or Transitional Metering Installation.
Metering Database	means the database created, maintained and administered by the Water Grid Manager in accordance with section 6.13(b).
Metering Installation	means a metering installation installed at a Bulk Supply Point which a Responsible Person has certified is consistent with the Metering Standard in accordance with section 6.7.
Metering Standards	means the standard for Metering Installations set out in Schedule 1 as amended in accordance with section 6.5.

Metering Transition Plan	has the meaning given in section 6.10(b)(ii).
Minister	means the Minister with current responsibility for administering Chapter 2A, Part 5A of the Water Act.
Monthly Customer Forecast Notice	has the meaning given in section 4.6(a).
Monthly Grid Service Provider Forecast Notice	has the meaning given in section 4.4(a).
Operating Instructions	means instructions issued in accordance with sections 4.16 and 4.17.
Operating Protocol	means a document developed and approved in accordance with sections 3.16 to 3.19 including as amended in accordance with section 3.20.
Operating Protocol Guideline	has the meaning given in section 3.18.
Participants	has the meaning given in the DR Act.
Participant Fees	has the meaning given in section 2.21.
Performance Standard	means a standard applying to a Grid Service Provider in accordance with section 7.2.
Potable Water	means Drinking Water supplied by a Grid Service Provider but does not include water that is solely: <ul style="list-style-type: none"> (a) Purified Recycled Water; (b) Raw Water; or (c) a combination of Purified Recycled Water and Raw Water.
Price Regulator	means the person appointed as the Price Regulator under section 8.2.
Prudential Requirements	means in respect of a Grid Customer or the Water Grid Manager, that it has: <ul style="list-style-type: none"> (a) a Standard & Poors credit rating of BBB or better; (b) written confirmation from Queensland Treasury Corporation that Queensland Treasury Corporation considers it to have adequate capacity to meet its financial commitments; or (c) written support for its financial commitments under these Market Rules and its Grid Contract Document obligations from the State of Queensland, the Commonwealth or in the case of a Grid Customer, its Participants or any one of them.
Purified Recycled Water	means Recycled Water that has been purified by a Manufactured Water Provider.

Quarter	means a period of 3 calendar months commencing on 1 January, 1 April, 1 July and 1 September.
Queensland Audit Office	means the office known as the Queensland Audit Office established under section 6(3) of the <i>Auditor-General Act 2009</i> (Qld).
Queensland Competition Authority	means the body established under section 7 of the <i>Queensland Competition Authority Act 1997</i> (Qld).
Queensland Treasury Corporation	means the body of that name constituted under the <i>Queensland Treasury Corporation Act 1988</i> (Qld).
QWC	means the Queensland Water Commission established under section 342 of the Water Act.
Raw Water	means water that has not been treated by a Grid Service Provider.
Recipient	has the meaning given in section 11.2(a).
Recycled Water	has the meaning given in Schedule 3 of the Water Supply Act.
Recycled Water Management Plan	has the meaning given in Schedule 3 of the Water Supply Act.
Referral Notice	has the meaning given in section 9.7(b).
Regional Water Security Program	has the meaning given in Schedule 4 of the Water Act.
Register of Grid Participants	means the register of Grid Participants kept by the Rules Administrator in accordance with section 2.14.
Regulated Asset Base	means: <ul style="list-style-type: none"> (a) for the year commencing on 1 July 2010 the Infrastructure determined and notified by the State; and (b) thereafter the Infrastructure notified under paragraph (a) and any additional Infrastructure approved by the State in accordance with the South East Queensland Water Strategy and the Regional Water Security Plan.
Related Entity	has the meaning given in the <i>Corporations Act 2001</i> (Cth).
Responsible Ministers	has the meaning given in the Restructuring Act.
Responsible Person	means the person specified in section 6.2.
Restructuring Act	means the <i>South East Queensland Water (Restructuring) Act 2007</i> (Qld).
Retail Customer	means a 'Customer' as defined in Schedule 3 of the Water Supply Act.
Retiring Grid Participant	means each local government whose local government area forms part of the SEQ Region.

Review Threshold	means the Review Thresholds for the purposes of section 8.15 notified by the Price Regulator pursuant to section 8.15(a).
Rule Change	has the meaning given in section 10.1(b).
Rules Administrator	means the person appointed as the Rules Administrator for the purposes of these Market Rules in accordance with section 2.2.
Rules Administrator's Annual Market Rules Review	has the meaning given in section 3.4(a).
Second Compliance Notice	has the meaning given in section 2.16(f).
Security	<p>means security with a total value of not less than the Security Amount in the form of:</p> <ul style="list-style-type: none"> (a) a guarantee from an entity, and in a form, reasonably satisfactory to the beneficiary; or (b) an irrevocable letter of credit or unconditional bank guarantee in a form reasonably satisfactory to the beneficiary which may be drawn on demand and is given by: <ul style="list-style-type: none"> (i) Queensland Treasury Corporation; or (ii) an authorised deposit-taking institution as defined in the <i>Banking Act 1959</i> (Cth), <p>that will not terminate or expire before the first anniversary of the date that it is delivered to the beneficiary (or in the case of additional security required to be given under section 2.22(e) or section 2.23(e), before the expiry date of the original Security that it replaces).</p>
Security Amount	<p>means:</p> <ul style="list-style-type: none"> (b) in the case of a Grid Customer that has been registered for less than one year at 30 June in the relevant year, an amount equal to the Charges that would be payable by the Grid Customer in a month if the average amount of water it is forecast to require in the next 12 months as specified in the most recent Monthly Customer Notice were supplied multiplied by three; (c) in the case of a Grid Customer that has been registered for more than one year at 30 June in the relevant year, an amount equal to the average monthly Charges paid by the Grid Customer in the preceding 12 months multiplied by three; and (d) in the case of the Water Grid Manager, an amount equal to the average monthly Grid Service Charges paid by the Water Grid Manager to the relevant Grid Service Provider or Distribution Service Provider in the preceding 12 months

multiplied by three.

Security Notice	means a notice given to a Grid Customer by the Water Grid Manager under section 2.22(b) or a notice give to the Water Grid Manager by a Grid Service Provider or a Distribution Service Provider under section 2.23(b), as applicable.
SEQ Region	means the area designated as such under section 341 of the Water Act.
shareholding Ministers	has the meaning given in the <i>Government Owned Corporations Act 1993</i> (Qld).
Stage 1 Dispute Resolution Procedure	means the procedure in section 9.5.
Stage 2 Dispute Resolution Procedure	means the procedure in section 9.6.
Stage 3 Dispute Resolution Procedure	means the procedure in section 9.7.
Statutory Body	has the meaning given in section 5 of the <i>Financial Administration and Audit Act 1977</i> (Qld).
Statutory Declaration	means a declaration made under the <i>Oaths Act 1867</i> .
System Operating Plan	has the meaning given in Schedule 4 of the Water Act.
Stage 1 Procedure	has the meaning given in section 9.5(c).
Transitional Metering Installation	means a meter that is deemed to have been approved by the Rules Administrator in accordance with section 6.7(c).
Transportation Services Charges	means the charges of that name payable by the Water Grid Manager to a Grid Customer under a Grid Contract Document.
Urgent Dispute Notice	has the meaning given in section 9.4(b).
Variable Operating Charge	means a charge determined pursuant to section 8.13.
Volume Estimation Loss Rates	means the values for the estimation of loss rates published by the Rules Administrator in accordance with section 6.9(a).
Water Act	means the <i>Water Act 2000</i> (Qld).
Water Grid	means the Infrastructure within the SEQ Region that are used to provide a Declared Water Service.
Water Grid Emergency Response Plan	means a plan prepared by the Water Grid Manager in accordance with section 4.24.
Water Grid Manager	means the entity established under section 6(1)(d) of the Restructuring Act.
Water Grid Manager's	has the meaning given in section 3.6(a)(ii).

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Water Grid Quality Management Strategy	means the strategy for managing water quality in the Water Grid prepared by the Water Grid Manager in accordance with section 5.3 and 5.4.
Water Grid Risk Management Plan	means a plan prepared by the Water Grid Manager in accordance with section 4.34.
Water Regulation	means the <i>Water Regulation 2002</i> (Qld).
Water Service Provider	has the meaning given in Schedule 4 of the Water Act.
Water Supply Act	means the <i>Water Supply (Safety and Reliability) Act 2008</i> (Qld).
Water Supply Emergency Declaration	means a water supply emergency declaration made in accordance with section 25B of the Water Act.
Water Supply Regulation	means the regulations made pursuant to the Water Supply Act.
Water Supply Regulator	has the meaning given in section 10 of the Water Supply Act.
Water Supply Works	has the meaning given in Schedule 4 of the Water Act.
Withdrawal Notice	has the meaning given in section 2.18(b).

Schedule 1– Metering Standards

1.1 Flow Meter Characteristics

A meter that measures bulk water flow suitable for the South East Queensland Water Grid will have the following characteristics:

- (a) the meter must be able to operate in the specified length of pipe to an accuracy of $\pm 0.25\%$ under factory (laboratory) conditions;
- (b) the meter should detect errors such as empty pipe readings; and
- (c) the meter must have a minimum of pulse output suitable for transmitting metered data to a meter logger.

1.2 Flow meter installation

- (a) The meter, as a minimum, must be installed in a straight length of pipe 10 times the inside pipe diameter upstream of the meter and 5 times the pipe diameter downstream of the meter.
- (b) The target for installation of the meter should be installed in a straight length of pipe 20 times the inside pipe diameter upstream of the meter and 10 times the pipe diameter downstream of the meter.
- (c) No off takes are to be installed upstream of the meter, nor valves, gates and other similar fittings installed within the above specified lengths of pipe.
- (d) Meters will be installed in accordance with the manufacturer's specified IP rating.
- (e) Meters shall be installed in such a way to facilitate verification of accuracy.