



Fuel Security (Minimum Stockholding Obligation) Amendment (2023 Measures No. 1) Rules 2023

I, Chris Bowen, Minister for Climate Change and Energy, make the following rules.

Dated 29 March 2023

Chris Bowen
Minister for Climate Change and Energy

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1 Name

This instrument is the *Fuel Security (Minimum Stockholding Obligation) Amendment (2023 Measures No. 1) Rules 2023*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	The day after this instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under subsection 84(1) of the *Fuel Security Act 2021*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Fuel Security (Minimum Stockholding Obligation) Rules 2022

1 Section 22

Repeal the section, substitute:

22 Designated quantity—loss of a major customer during trigger assessment period

- (1) If the Secretary is satisfied that both of the following apply in relation to an MSO product, the Secretary may reduce the designated quantity for the MSO product calculated under section 21 by no more than the amount calculated under subsections (3) and (4):
 - (a) during the most recent completed trigger assessment period, the entity lost a major customer for the importation or refinement of the MSO product;
 - (b) as a result of that loss, the amount of MSO product that the entity will need to import or refine for the period when the designated quantity will apply is reduced.
 - (2) For the purposes of this section, an entity is taken to have *lost a major customer* in relation to an MSO product only if:
 - (a) the entity ceased to have a contract with the customer for the importing or refining of the MSO product; and
 - (b) the total amount of MSO product that the entity imported or refined for the customer during the period exceeded the lesser of the following:
 - (i) 20% of the total amount of the MSO product that the entity imported or refined during the period;
 - (ii) 100 megalitres.
- Note: In determining whether an entity lost a major customer in relation to an MSO product, it is not relevant whether the entity continued to have a contract with that customer for the importing or refining of a different MSO product.
- (3) If the MSO is triggered for the activity of importing an MSO product (p), the amount is given by the following formula:

$$C_p = TDI_p \times \frac{TI_c}{365}$$

where:

C_p is the amount by which the designated quantity may be reduced for the MSO product p.

TDI_p is the target number of days for importing the MSO product p declared under section 14 of the Act and applicable to the start of the period when the designated quantity will apply.

TI_c is the total amount of MSO product p that the entity imported for the customer during the most recent completed trigger assessment period, in megalitres.

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- (4) If the MSO is triggered for the activity of refining an MSO product p , the amount is given by the following formula:

$$C_p = TDR_p \times \frac{TR_c}{365}$$

where:

C_p is the amount by which the designated quantity may be reduced for the MSO product p .

TDR_p is the target number of days for refining the MSO product p declared under section 14 of the Act and applicable to the start of the period when the designated quantity will apply.

TR_c is the total amount of MSO product p that the entity refined for the customer during the most recent completed trigger assessment period, in megalitres.

- (5) If, in relation to an MSO product, the entity lost more than one major customer during the most recent trigger assessment period, the total value of C_p may be calculated by applying the formula mentioned in subsection (3) or (4), as applicable, in respect of each major customer lost, and adding together the values of C_p .

2 Subsections 26(3) and (4)

Repeal the subsections, substitute:

- (3) The Secretary may grant an application if satisfied that the applicant lost a major customer for the importing or refining of the MSO product.
- (4) For the purposes of subsection (3), an applicant is taken to have **lost a major customer** in relation to an MSO product only if:
- (a) the entity ceased to have a contract with the customer for the importation or refinement of the MSO product; and
 - (b) as a result of the contract ceasing, the amount of MSO product that the applicant will need to import or refine for the remainder of the MSO period is reduced by more than the lesser of the following:
 - (i) 20% of the total amount of the MSO product that the entity expected to import or refine during the MSO period, before the major customer was lost;
 - (ii) 100 megalitres.
- Note: In determining whether an entity lost a major customer in relation to an MSO product, it is not relevant whether the entity continued to have a contract with that customer for the importing or refining of a different MSO product.
- (5) In this section, **MSO period** means the period covered by the most recent notice given to the applicant under section 10 or section 15 of the Act.
- (6) The reduction in the quantity under subsections (2) and (3) must be no more than necessary, and for no longer than is necessary, to address the circumstance covered by that subsection.