

STTM EVENT – DELAYED CAPACITY AND ALLOCATION SUBMISSIONS – SYDNEY – 13 & 14 JULY 2013

PREPARED BY: Market Performance

DOCUMENT REF: STTM ER 13/002

DATE: 22 August 2013

Contents

1	Summary.....	3
2	Background.....	3
2.1	Event reporting requirements	3
2.2	Facility hub capacity and the ex ante market.....	3
2.3	Allocation data and ex post imbalance price.....	4
3	Description of events.....	4
3.1	Facility Hub Capacity – Gas Day 14 July 2013	4
3.2	Facility Allocation data – Gas Day 13 July 2013	4
4	Jemena EGP comments	4
5	AEMO's assessment of the actions taken	5
5.1	Facility Hub Capacity – Gas Day 14 July 2013	5
5.2	Facility Allocation data – Gas Day 13 July 2013	5
6	Market Impacts.....	6
6.1	Facility Hub Capacity – Gas Day 14 July 2013	6
6.2	Facility Allocation data – Gas Day 13 July 2013	6
7	Conclusion	6

Glossary

Terms or Abbreviations	Explanation
AEMO	Australian Energy Market Operator
AEST	Australian Eastern Standard Time
EGP	Eastern Gas Pipeline
NGR	National Gas Rules
MOS	Market Operator Service
STTM	Short Term Trading Market

1 Summary

In July 2013, Jemena Eastern Gas Pipeline (EGP) was unable to submit data files by the required times as follows:

1. Facility Hub Capacity – Gas Day 14 July 2013

On 13 July 2013, Jemena EGP did not submit the facility hub capacity for gas day 14 July 2013 by the 9:30 AEST cut-off time. In accordance with the National Gas Rules (NGR) and STTM Procedures, the window for the submission of the EGP data was extended to 11:00 AEST. Jemena EGP successfully submitted the facility hub capacity by the extended cut-off time of 11:00 AEST. This hub capacity was used as an input into the ex ante schedule for gas day 14 July 2013 for the Sydney hub.

2. Allocation data – Gas Day 13 July 2013

On 14 July 2013, Jemena EGP was unable to submit the STTM facility allocations for gas day 13 July 2013 by the 11:00 AEST cut-off time. In accordance with the NGR and STTM Procedures, the submission window was extended to 15:00 AEST and the calculation of the ex post imbalance price was delayed to 16:00 AEST. Jemena EGP successfully submitted its allocation notice before the extended cut-off time of 15:00 AEST. This allocation notice was used as an input into the calculation of the ex post imbalance price for the Sydney hub.

There were no market impacts resulting from either event.

Jemena EGP has advised that it has taken steps to address the IT issues encountered and completed identified mitigation actions. The procedures for data validation, substitution and price setting fully operated as intended under the rules, without material impact on market outcomes.

2 Background

2.1 Event reporting requirements

Section 7.6 of the STTM Procedures requires AEMO to publish a report¹ if:

- data submitted to AEMO by an STTM facility operator under rules 414 or 419 of the NGR fails validation, and this leads to confirmation or substitution of data; or
- an STTM facility operator fails to provide data under rule 414 and 419 and this leads to the substitution of data.

AEMO must publish the report within 30 business days of the conclusion of the event.

2.2 Facility hub capacity and the ex ante market

STTM facility operators provide AEMO with daily estimates of the capacity that their STTM facility has available to deliver gas to the hub on the following three gas days. The hub capacity of the STTM facility limits the quantity of gas the STTM will schedule for delivery to the hub from that facility on a gas day.

Because the facility hub capacity can have an effect on the resulting ex ante schedule, AEMO validates data submitted daily by the facility operators. If the data submitted by the facility operator breaches the validation thresholds or no data is submitted by the required cut-off time on D-1 (09:30 AEST for the Sydney hub), then the submission window is extended for a maximum of 1.5 AEST to allow the facility operator time to either confirm that the submitted data is valid or submit new data.

¹ Under clause 7.6 of the STTM Procedures, the report must include: a description of the event; AEMO's assessment of the actions taken by STTM facility operators and AEMO in relation to the event; AEMO's assessment of the effect of the event on the operation of the STTM; and any other matter than AEMO considers relevant.

If the facility operator fails to submit hub capacity data by the extended cut-off time, the provisional hub capacity information submitted on previous days for the relevant gas day will be used. For example, if the capacity for the gas day D is not submitted on D-1, then the capacity submitted on D-2 for Gas Day D is used. If the D-2 is not available, then D-3 is used. If that is not available then the default hub capacity (registered with AEMO) is used to generate the ex ante market schedule.

2.3 Allocation data and ex post imbalance price

By 11:00 AEST on each gas day, the allocation agent for the relevant STTM facility is required to submit the STTM facility allocation for the previous gas day.

The STTM facility allocations provide AEMO with the delivered quantity of gas for the relevant gas day. The STTM facility allocations are used as an input into the calculation of the ex post imbalance price for the gas day in question. The ex post imbalance price is one of the prices used to determine a trading participant's deviation payment or charge.

If the STTM facility allocations are not submitted by 11:00 AEST, then AEMO triggers a warning and an extended period is made available for the allocation agent to deliver the STTM facility allocations for the relevant facility by 15:00 AEST.

If the STTM facility allocations are not submitted by the 15:00 AEST extended window, AEMO will use default allocations for the relevant facility to generate the ex post imbalance price.

3 Description of events

3.1 Facility Hub Capacity – Gas Day 14 July 2013

On 13 July 2013, Jemena EGP was unable to submit the facility hub capacity for gas day 14 July 2013 by the 9:30 AEST cut-off time. AEMO systems notified the facility operator and the market that the facility hub capacity had not been submitted.

An extended window was opened for Jemena EGP to deliver the facility hub capacity by 11:00 AEST. Jemena EGP was able to deliver the hub capacity by that time. This hub capacity was used as an input into the ex ante schedule for gas day 14 July 2013 for the Sydney hub.

3.2 Facility Allocation data – Gas Day 13 July 2013

On 14 July 2013, Jemena EGP was unable to submit the STTM facility allocation data for gas day 13 July 2013 by the 11:00 AEST cut-off time. The AEMO systems notified the facility operator and the market that the STTM facility allocation data for the EGP had not been submitted.

An extended window was opened for Jemena EGP to deliver the STTM facility allocations by 15:00 AEST. Jemena EGP successfully submitted its allocation notice before the extended cut-off time of 15:00 AEST. This allocation notice was used as an input into the calculation of the ex post imbalance price for the Sydney hub.

4 Jemena EGP comments

Jemena EGP has advised AEMO as follows.

The immediate causes of the incidents were an unplanned Jemena-wide failure of network file share access on both days compounded by file transfer protocol (FTP) connectivity issues on 14 July. These IT access and connectivity issues created intermittent disruptions over the weekend which impeded the collation of complete SCADA meter data for all pipeline delivery points and the submission of files to AEMO.

Jemena's experienced on call Commercial Operations personnel, including escalation contacts, followed accepted procedures as they responded to what was eventually identified as simultaneous and wide-spread file access issues which also prevented Commercial Operations

personnel from accessing necessary manual 'work around' template files. The team's focus on resolving the access and connectivity issues and correcting incomplete meter data ultimately reduced their ability to fully implement manual data submission processes within deadlines.

Investigations to rectify the broader IT issues and to evaluate the on call responses have been undertaken. The Jemena Commercial Operations team have used this experience to challenge the practice of persevering to rectify root causes for data submission disruptions. In future, manual work around processes will be initiated sooner. Clearer guidelines on the expected time to implement each process step have been included in the procedural documents going forward (action completed). Additionally STTM data submission files and templates will be saved to file server sites that are not entirely dependent on the availability of the Jemena IT network (action completed).

Jemena takes the STTM data submission obligations very seriously. These events were discussed by senior management in July, and will also be raised and examined in Jemena's senior management quarterly compliance meeting scheduled for October.

5 AEMO's assessment of the actions taken

5.1 Facility Hub Capacity – Gas Day 14 July 2013

Jemena EGP did not submit the facility hub capacity by the cut-off time (09:30 AEST for Sydney) in accordance with rule 414(1) but was able to successfully submit the facility hub capacity by the extended window (11:00 AEST for Sydney) in accordance with 7.1.3B of the STTM Procedures.

AEMO systems operated correctly. The ex ante market price and schedules were produced before 13:00 AEST for the Sydney hub using the hub capacity data submitted by Jemena EGP before the 11:00 AEST cut-off time.

Market reports of missing data operated correctly. Under Section 7.1.3A of the STTM Procedures, AEMO must notify a facility operator of missing data. This was undertaken by SMS/e-mail messages to the facility operator contacts that are registered in the AEMO systems if no data is received by 09:30 AEST.

Under section 7.1.4 of the STTM Procedures, AEMO must make the capacity information available to trading participants. AEMO generated market information reports and notified the trading participants by SMS/e-mail. This was performed as follows:

- Report INT653 – Ex Ante Pipeline Data report which is published just after 09:30 AEST showed the facility hub capacity the market would use for the Jemena EGP facility for the upcoming gas day. The same report published at 11.00 showed the facility hub capacity for Jemena EGP used to determine the ex ante market price and schedules.

SMS/e-mail messages were sent to 24-hour contacts that are registered in AEMO systems for the affected hub advising them that Jemena EGP had failed to submit a hub capacity at 09.30 AEST.

5.2 Facility Allocation data – Gas Day 13 July 2013

Jemena EGP did not submit the STTM facility allocations by 11:00 AEST in accordance with rule 419 (1). This triggered a warning in the AEMO market systems and a notice was sent to Jemena EGP and to trading participants.

Jemena EGP was able to submit the facility allocation information before the 15:00 AEST extended cut-off time. This allocation information was used to produce the ex post imbalance price.

AEMO systems operated correctly. A provisional ex post imbalance market price was produced just after 11:00 AEST and then the ex-post imbalance price was produced just after 15:00 AEST.

Market reports of missing data operated correctly.

- Report INT 657 - Ex Post Market Data Report which is published just after 11:00 AEST showed the provisional ex-post price as \$ 5.6100/GJ. The same report published just after 15:00 AEST showed the ex-post imbalance price as \$ 5.6101/GJ.

SMS/e-mail messages were sent to 24-hour contacts that are registered in AEMO systems for the affected hub advising them that Jemena EGP had failed to submit the STTM facility allocations by 11:00 AEST.

6 Market Impacts

6.1 Facility Hub Capacity – Gas Day 14 July 2013

While Jemena EGP did not submit the facility hub capacity by the 09:30 AEST cut-off time, the information was delivered to AEMO before the extended cut-off time of 11:00 AEST, did not breach warning thresholds, and was used in the ex-ante scheduling process. As a consequence, the calculation of the ex-ante market price and schedule was not affected by the late submission.

AEMO has not been advised by any participants that they were affected by the late submission of the facility hub capacity.

The facility hub capacity is published in the INT653 Ex Ante Pipeline Data report and the ex-ante market price is published in the INT651 Ex-ante Market Price report.

The facility hub capacity reports are available from the AEMO website at:

http://www.aemo.com.au/data_gas/sttm_data.html.

6.2 Facility Allocation data – Gas Day 13 July 2013

As a consequence of the STTM facility allocations not being submitted by 11:00 AEST, a provisional ex post imbalance price of \$5.6100/GJ was produced by 12:00 AEST using a default allocation for the EGP. A delayed ex post imbalance price of \$5.6101/GJ was produced by 16:00 AEST for the Sydney hub using the allocation notice submitted by Jemena EGP.

On this occasion, there was a \$0.0001/GJ difference between the provisional ex post imbalance price and the delayed ex post imbalance price, noting that the market short quantity changed from 3,615 GJ to 4,392 GJ. The cumulative price published for the next gas day used the provisional ex post imbalance price. This resulted in a \$0.0001/GJ difference in cumulative price outcomes. The cumulative price was correctly recalculated (\$37.9855/GJ) after the delayed ex post imbalance price was published and used for subsequent days.

There was no prudential monitoring run on 14 July (since prudential monitoring is run on business days). When prudential monitoring was run on the next business day (covering month to date) the ex post imbalance price was used to determine trading participants' exposure. This resulted in no difference in prudential monitoring outcomes. In addition, there have been no reported impacts from any trading participant.

The allocation quantity reports are available from the AEMO website at:

http://www.aemo.com.au/data_gas/sttm_data.html.

7 Conclusion

There were no market impacts resulting from either event.

From Jemena EGP's advice, it appears that it has taken steps to address the IT issues encountered and completed identified mitigation actions.

The procedures for data validation, substitution and price setting fully operated as intended under the rules, without material impact on market outcomes.