

COMPLIANCE ISSUES FOR DECISION

DATE: 25 May 2016
RESPONSIBILITY: Chief Executive Officer

COMPLIANCE ISSUES SUMMARY TABLE:

Breach	Description	Recommendation
<p>Apparent breach of Rule 255 of the Retail Market Rules by APA on gas day 22/04/2016</p>	<p>The Pipeline Operator for the Parmelia Pipeline (“APA”) commissioned its new interconnection between the Parmelia Pipeline and the South-Metro sub-network (1107P) on 22/04/16. APA and Alinta Energy (“Alinta”) agreed that Alinta would nominate 2 TJ of gas on 1107P on 22/04/16 to facilitate this commissioning.</p> <p>Alinta made a 2 TJ nomination on 1107P for 22/04/16, but an Alinta systems error resulted in REMCo receiving only a 2 MJ a nomination. However, APA was committed to injecting 2 TJ on 1107P on 22/04/16 as part of its plan to commission 1107P, and could not change this volume for system requirements and safety reasons.</p> <p>The injection of 2 TJ on 1107P on 22/04/16 with only a 2 MJ nomination resulted in a Swing Service Spike on the South-Metro sub-network (1107) on that day.</p> <p>While APA had notified REMCo about the commissioning of 1107P; it did not notify REMCo that it was injecting gas according to its commissioning plan rather than nominations. This could be interpreted as a breach of Rule 255 of the Retail Market Rules (the “Rules”), which requires Pipeline Operators to notify REMCo if they are not injecting gas according to Users’ nominations.</p> <p>APA’s decision to flow 2 TJ of gas on 1107P on 22/04/16, in accordance with its plan to commission 1107P rather than in accordance with Alinta’s nomination of 2 MJ resulted in a 2.06 TJ Swing Service spike on 1107 on 22/04/16.</p> <p>As there has was no flow gas on 1107P on 23-28/04/16, Users were not able to repay their Swing Repayment Quantities (“SRQs”) during this period. The resulted in subsequent Swing Service spikes of 2.06TJ on 24/04/16 and 26/04/16.</p>	<p>Submissions were called for, and the submission window closed on 23/05/16.</p> <p>No submissions were received. This indicates that market participants were not materially impacted as a result of the apparent Rule breach.</p> <p>Based on the available evidence, REMCo determines that the breach of Rule 255 by APA on 22/04/16 was not material. Therefore, REMCo exercises its discretion under Rule 329(1)(c) to take no further action in this matter, and will not refer this matter to the Economic Regulation Authority.</p>

COMPLIANCE ISSUES:**1. Rule breaches reported by REMCo:****a. Apparent breach of Rule 255 of the Retail Market Rules by APA on gas day 22/04/16.**

Description	See the description above.
Action taken	<p>REMCo investigated the Swing Service on 1107 and its causes. REMCo determined that if the Gas Retail Market System (“GRMS”) was to receive a User Allocation Instruction (“UAI”) from Alinta for 2.06 TJ on 1107P for gas day 28/04/16, this would enable the GRMS to reconcile the SRQs that Users were unable to repay when gas was not being injected on 1107P, and would reduce the Swing Service on 1107 effectively to zero. REMCo discussed this proposed solution with Alinta and received its approval to submit a UAI of 2.06TJ on 1107P for gas day 28/04/16, which resulted in Swing Service of 3 MJ on 1107 for the day.</p> <p>APA is aware of its responsibilities under Rule 255, but is of the view that REMCo was aware of the plan to commission 1107P. This appears to be a one-off issue relating to commissioning of the new 1107P gate station coupled with the systems error by Alinta, and is unlikely to recur.</p>
Impact	<p>The events described above resulted in a 2.06 TJ Swing Service spikes on 1107 on 22/04/16, 24/04/16, and 26/04/16.</p> <p>No submissions were received from participants in response to the request for submissions. Therefore, REMCo determines that the breach of Rule 255 by APA on 22/04/2016 was not material.</p>
Decision	REMCo exercises its discretion under Rule 329(1)(c) to take no further action in relation to this matter, and will not refer this matter to the Economic Regulation Authority.