SHORT TERM TRADING MARKET (STTM) INCIDENT REPORT FOR GAS DAY 28 JANUARY 2011

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Contents

1   Incident description

The Short Term Trading Market (STTM) Web Exchanger Interface Engine (SWEXIE) incorrectly rejected market operator services (MOS) step allocation files on the morning of Saturday 29 January 2011 submitted for gas day 28 January 2011 by all STTM pipelines (ie.SEA Gas, East Australian Pipeline, Epic Energy and Jemena Eastern Gas Pipeline).

2   Market Impacts

All STTM pipeline allocation files were rejected and default allocations (i.e. ex-ante market schedule quantities) were used to determine the ex post imbalance prices for gas day 28 January 2011.

- Sydney hub: The ex post imbalance price for gas day 28 January for the Sydney hub was $2.51/GJ, whereas it should have been $3.98/GJ if the files had been successfully submitted. This resulted in the STTM undercharging for deviations on the day by $18,533 with a resultant net total wealth transfer of about $6,610 from this day (i.e. monies that did not get charged to those who deviated on the day).

- Adelaide hub: There was no difference in the ex post imbalance price, and therefore no impact at the Adelaide hub.

3   Identified cause and remedial actions on 29 January

A tolerance parameter (used by the settlements application) that was changed on the afternoon of Friday 28 January 2011 caused SWEXIE to incorrectly reject MOS step allocation files.

The tolerance, normally set at 1GJ to allow for rounding error, was set to 0GJ for analysis of mismatches by Settlements' operators. Normal checks were made before changing the parameter but the dependency of SWEXIE on that parameter was not documented, and was unknown to IT support staff and the Settlements team.

After some analysis on 29 January 2011, the dependency was identified and the parameter changed back to 1GJ. After that all STTM pipelines were able to successfully submit STTM allocation data.

4   Root cause

An investigation has determined that at an early stage of the IT design and specification for the STTM Establishment, a developer elected to use an existing settlements parameter rather than create a new one for SWEXIE purposes after which the interdependency was not properly documented in all the relevant IT design documentation and consequently was not identified when developing settlement business processes and system user guides.

5   Corrective Measures

To prevent a reoccurrence the following actions are in place, in progress or planned.

- Business processes have been amended so that application parameters cannot be changed without a review of impacts (upstream and downstream) by IT analysts.

- A review of all system parameters is being undertaken to independently verify or identify any dependencies between applications. Due end March 2011.

- Once review is completed then all IT and business processes are to be reviewed for completeness and amended as required. Due end April 2011.

- IT design guidelines are being modified to include a check list that describes a checking process to be followed if a developer uses a parameter created by another developer so that any changes to that parameter are understood and communicated to downstream application developers and users. Due April 2011.

6   Compliance issues

AEMO market systems test that the:

- Sum of the quantities for a gas date against each trading right in the registered facility service allocation file are equal to that of the associated registered service facility including MOS (consistent with rule 420(4)(b)).

- Total quantity of MOS specified in the MOS step allocation for a registered facility services equals the quantity of MOS specified in the registered facility services in the pipeline allocations (consistent with rule 419(3)(b)).

National Gas Rule 419(3)(b) states that AEMO must reject an allocation notice if the total quantity of MOS in the step allocation does not equal the total MOS allocation for that registered facility.

The validation test for this has been implemented in the market systems by using a configurable tolerance of 1GJ (the parameter) which allows for rounding error. AEMO considers this to be consistent with good gas industry obligations in rule 369.

The 'incorrect' rejection on 29 January 2011 occurred as a result of the parameter being changed from 1GJ to 0GJ. Due to the way this validation test is applied by the systems, this then caused data to be rejected incorrectly by AEMO's systems even if the quantities were exactly matched.

7   Is this incident a scheduling error?

The National Gas Rules (rule 364—Definitions) defines a scheduling error as a failure of AEMO to:

- schedule ex ante offers, bids or price taker bids in accordance with the National Gas Rule and STTM Procedures; or

- schedule contingency gas offers or bids in accordance with the National Gas Rules and STTM Procedures.

The National Gas Rule therefore only captures the production of the provisional and ex ante schedules by AEMO, as it is in these schedules that the ex ante bids and offers and price taker bids are scheduled.

Therefore a scheduling error can only occur as a result of an incorrectly prepared schedule and not as a result of the calculation of the ex post imbalance price or other numbers such as MOS. As a result, AEMO considers that the incident on 29 January 2011 for gas day 28 January 2011 is not a scheduling error for the purposes of Part 20 of the National Gas Rules.

8   Helpdesk calls – issues and actions to resolve

On Saturday 29 January 2011 five calls from pipeline operators were received by the after-hours AEMO IT helpdesk (A/H helpdesk) between 10:30am and 1:30pm (local Melbourne time) – i.e. 9:30am and 12:30pm AEST on Saturday 29th January 2011.

The A/H helpdesk calls raised by participants were not immediately directed to the appropriate IT support rosters and therefore were not responded to until subsequent attempts by the participants were successful.

The A/H helpdesk process consists of an automated attendant for initial screening which then transfers the call to the appropriate support staff. This automated screening process proved susceptible to failure in this instance. Callers were answering "yes" to the first question '*Is this a gas market emergency?*' and were then directed to the Victorian Gas Operations Centre.

The second question was the relevant one – '*Is this a …STTM… market issue*?' Answering yes to this question would transfer the call to an operator who would identify the caller had an IT connectivity issue and would then call appropriate support staff for action.

Action to address the misdirection – currently the 'gas market emergency' question has been moved down the order (of the automated attendant); which should result in an earlier transfer to a helpdesk operator who then can direct the caller appropriately.

The helpdesk operators have also been briefed on this issue.

A review of the canned questions will also be undertaken and the need for a Helpdesk Users guide (for industry) is being considered.