

STTM EVENT REPORT - GAS DAY 22 JUNE 2011

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Glossary

Terms or Abbreviations	Explanation
AEMO	Australian Energy Market Operator
AGL	AGL Upstream Investments
Camden	Rosalind Park Production Facility
CSM	Coal Seam Methane
NGR	National Gas Rules
STTM	Short Term Trading Market

1 Summary and purpose

On 23 June 2011, determination of the ex post imbalance price for gas day 22 June 2011 at the Short Term Trading Market (STTM) Sydney hub was delayed from 12:00noon to 4:00pm. The delayed determination of the ex post imbalance price was as a result of the STTM facility allocations for the Rosalind Park Production Facility (Camden) breaching the warning validations as of the 11:00am submission cut-off time.

This report reviews the events that resulted in a delayed ex post imbalance price for gas day 22 June 2011.

2 Event reporting requirements

On 16 June 2011, changes to the STTM validation and price setting processes became operational. These changes were introduced following the high price events experienced at the STTM Sydney hub in late 2010 as a result of errors in STTM facility data. The intent of these changes was to provide STTM facility operators with an ability to rectify possible data errors or confirm that flagged data is correct before that data is used in the STTM scheduling and price setting process.

Section 7.6 of the STTM Procedures requires AEMO to publish a report if data submitted to AEMO by the STTM facility operators under rules 414 or 419 of the National Gas Rules (NGR) fails validation and has led to confirmation or substitution of data.

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;
- the effect of the event on the operation of the STTM; and
- any other matter that AEMO considers relevant.

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

3 Event description

At 9:12am on 23 June 2011, AGL Upstream Investments (AGL) submitted STTM facility allocation data of 12,421GJ for gas day 22 June 2011. This data breached the lower warning validation limit of 14,187GJ for the Rosalind Park Production Facility (Camden)¹ (and was flagged accordingly).

At the STTM facility allocation data cut-off time of 11:00am, the flagged data was the latest data submitted for Rosalind Park Production Facility. Therefore in accordance with rule 426 of the NGR, determination of the ex post imbalance price was delayed from 12:00noon to 4:00pm, and AEMO produced a provisional ex post imbalance price of \$3.8758/GJ, using default allocations for the Rosalind Park Production facility, by 12:00noon for the STTM Sydney hub.

Shortly after 11:00am, AGL confirmed that flagged STTM facility allocation data of 12,421GJ was correct for gas day 22 June 2011. That data was used by AEMO, together with the other STTM facility allocation data submitted for the Moomba to Sydney pipeline and the Eastern Gas pipeline by 11:00am, to produce an ex post imbalance price of \$3.8758/GJ by 4:00pm for the STTM Sydney hub.

4 Validating STTM facility allocations

AEMO validates STTM facility allocation data and notifies the STTM facility operator or allocation agent of any validation breaches. If any format error is detected or the total STTM facility

¹ For gas day 22 June 2011, the upper warning limit for the Rosalind Park Production facility was 15,954GJ and the lower warning limit was 14,187GJ.

allocation is outside the rejection limits for the facility², then the entire allocation submission is rejected. If the total STTM facility allocation is within the rejection limits but outside the warning limits, AEMO will ask the STTM facility operator to confirm the submission or submit a new STTM facility allocation file. These warning limits are calculated daily for each STTM facility based on the STTM facility allocations provided over the previous 30 days—the upper and lower warning limits are set to the 30-day average with +/- 4 standard deviations respectively and are determined and applied for each STTM facility.

Warning limits are published daily in report INT688—Allocation Warning Limit Thresholds—this report contains the upper and lower allocation warning limits for a gas day on an STTM facility.

The warning limit thresholds have been extracted from report INT688 and presented in the table 1. The 30-day average has been added for information purposes and indicates fairly steady operations which therefore result in a narrow bandwidth of warning limits for the Rosalind Park Production Facility.

Table 1: Upper and lower warning limits for Rosalind Park Facility

Gas date	Hub	Facility name	Upper warning limit [GJ]	Lower warning limit [GJ]	30-day average [GJ]
23-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	17,112	12,856	14,984
22-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,954	14,187	15,071
21-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,952	14,180	15,066
20-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,950	14,176	15,063
19-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,950	14,176	15,063
18-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,954	14,174	15,064
17-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,972	14,166	15,069
16-Jun-11	Sydney	Rosalind Park Production Facility (Camden)	15,997	14,150	15,074

5 Reporting of validation failure

Under Section 7.2.1A(b) of the STTM Procedures, AEMO must notify the allocation agent for an STTM facility if the allocation notice provided under rule 419(1) fails validation. This is performed as follows:

- Primary communications are via an acknowledgement message (ACK) which is transmitted via the SWEXIE application to allocation agents after validation and processing by AEMO systems in accordance with the STTM Interface Protocol; and
- Secondary communications are via SMS/email messages to Facility Operator Data contacts that are registered in AEMO systems.

Under Section 7.2.1C(d) of the STTM Procedures, AEMO must notify trading participants and others promptly after 11am if an STTM facility allocation notice is not provided, is rejected or fails

² The STTM facility allocations will be rejected if it is greater than the maximum capacity of that STTM facility or below zero.

validation; and promptly after 3pm of a confirmation or substitution made under section 7.2.1C. This is performed as follows:

- Primary communications are via report INT689—Ex Post Facility Allocation Quantity which is published soon after 11am or 3pm as applicable—this report contains the total facility allocation quantity and the total facility allocation quantity data quality for each STTM facility, which has been received in the system by the time either of the ex post imbalance price, provisional ex post imbalance price or a delayed ex post imbalance price (as applicable) is determined.
- Secondary communications are via SMS/email messages to 24-hour contacts that are registered in AEMO systems for the affected hub.

On the 23 June 2011, a defect was identified with the secondary communications to trading participants in that at 11:00am and 3:00pm SMS/email messages were only being sent to 24-hour contact types at the affected facility and not at the affected hub. This meant that only AGL received these messages. This defect was rectified and an update implemented on 29 June 2011.

6 AGL comments

AGL advised that the tie-in of new fields at the Rosalind Park Production Facility (Camden) resulted in lower deliveries on 22 June 2011 and subsequent STTM facility allocations which breached the lower warning threshold for the facility.

AGL noted that the adopted validation criterion of 4 standard deviations around a 30-day average for the Coal Seam Methane (CSM) operation results in a narrow bandwidth of warning thresholds since production levels mostly tend to be quite steady. Thus, a plant outage or, in this instance, the tie-in of new fields, can easily result in a delivery on the day that is outside 4 standard deviations. However, given the nature of CSM operations and the likely low frequency of occasional disruptions, AGL do not believe that there is a justifiable need to revise the validation algorithm so that it may be suited to CSM operations.

AGL has conducted a review of its actions on the day and while it was compliant with the NGR and STTM Procedures, it has identified potential changes to its business processes where a speedier response could be provided in the future.

7 AEMO's assessment of the actions taken

In accordance with rule 419(1), AGL submitted its STTM facility allocations by 11:00am. The STTM facility allocations were validated and breached the lower warning validation limits. In accordance with section 7.2.1B of the STTM Procedures, AGL was able to confirm the flagged STTM facility allocation file by 3:00pm on 23 June 2011 for gas day 22 June 2011.

AEMO systems operated as expected. A provisional ex post imbalance price was made available to trading participants by 12:00noon on 23 June 2011. Following confirmation of the flagged data by AGL, AEMO was able to use that confirmed allocation file to set the ex post imbalance price by 4:00pm on 23 June 2011 for gas day 22 June 2011. However, as noted above a defect was identified with the secondary communications (SMS/email) to 24-hour contact types—this was rectified and an update implemented on 29 June 2011.

8 Market Impacts

As a consequence of the STTM facility allocation data breaching the lower validation limit and AGL not confirming or updating the allocation data before 11:00am, a provisional ex post imbalance price of \$3.8758/GJ was produced by 12:00noon. A delayed ex post imbalance price of \$3.8758/GJ was produced by 4:00pm for the Sydney hub using the confirmed AGL data. The prices were the same because, consistent with the requirements of the STTM Procedures, the provisional ex post imbalance price used the default STTM facility allocations for Rosalind Park

Production Facility (i.e. the scheduled quantities in the ex ante market), which were similar in volume to the confirmed STTM facility allocations for the Rosalind Park Production Facility.

Since on this occasion the provisional ex post imbalance price was equal to the delayed ex post imbalance price (\$3.8758/GJ), there would be no impacts on trading participants resulting from using the provisional ex post imbalance price to calculate the cumulative price for the next gas day nor for prudential monitoring. Furthermore, there has been no reported impact from any trading participant from the delay in publishing the ex post imbalance price.

Ex-post imbalance prices are published in INT657—Ex Post Market Data—which includes a schedule type to distinguish between a provisional ex post imbalance price and an ex post imbalance price. Note the approval date/time of the report must be used to identify an ex post imbalance price or delayed ex post imbalance price. This report and others are available from http://www.aemo.com.au/data_gas/sttm_data.html.