STTM EVENT – DELAYED ALLOCATION SUBMISSION – SYDNEY – 16 OCTOBER 2014

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Contents

Glossary

Terms or Abbreviations	Explanation
AEMO	Australian Energy Market Operator
AEST	Australian Eastern Standard Time
EGP	Eastern Gas Pipeline (from Longford to Sydney)
IMT	Information Management and Technology
MIS	Market Information System
MOS	Market operator services
MSD	MOS step allocation data (daily file). Note MSD files are only submitted for pipelines.
NGR	National Gas Rules
PAD	Facility Allocation data (daily file). Note PAD files are submitted for all facilities.
RTO	Real Time Operations
STTM	Short Term Trading Market
SWEX	STTM WebExchanger
SWEXIE	SWEX Interface Engine
VPN	Virtual Private Network – A virtual (private) network that can be used to securely connect computers physically connected to a larger (public) network

1 Summary

On 16 October 2014, Jemena did not successfully submit a revised STTM facility allocation for the Eastern Gas Pipeline (EGP) for gas day 15 October 2014 by the 11:00 AEST cut-off time. In accordance with the NGR and STTM Procedures, AEMO published a provisional ex post imbalance price at 11:00 AEST, the data submission window was extended to 15:00 AEST and the calculation of the ex post imbalance price was delayed to 16:00 AEST.

Jemena successfully submitted its updated 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. Both the provisional ex post imbalance price and the 'delayed' ex post imbalance were the same at $4.0999/GJ.

There was no market impact.

Jemena has advised that it is exploring options to minimise a reoccurrence and that any lessons learnt will be communicated to other pipeline operators at the earliest opportunity.

2 Background

2.1 Event reporting requirements

This report has been prepared under Section 7.6 of the STTM Procedures to assess the actions taken by STTM facility operators and AEMO in relation to the event and the effect of the event on the operation of the STTM.

2.2 Allocation data and ex post imbalance price

By 11:00 AEST on each gas day at Sydney, the allocation agent for the relevant STTM facility is required to submit the STTM facility allocation for the previous gas day. For any STTM pipeline, the daily STTM facility allocation notice[1] consists of two files, a facility allocation file and a market operator service (MOS) step allocation file (also known as the PAD and MSD files respectively).

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 systems trigger a warning and an extended period is automatically 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 calculate the ex post imbalance price.

3 Description of event

At 09:33 AEST on 16 October 2014, Jemena successfully submitted an allocation notice for the Eastern Gas Pipeline (EGP) for gas day 15 October 2014. It then attempted to submit a revised allocation notice after it had identified a 40 second data loss in the submission at 09:33 AEST. Only the PAD file was successfully submitted before 11:00 AEST.

At the 11:00 AEST cut-off time for the Sydney hub, the STTM systems checked whether the latest submitted PAD and MSD files were a matching pair. As the MSD file submitted at 09:33 AEST did not match the PAD file submitted at 10:59 AEST, the STTM systems defaulted the facility allocation for the EGP and triggered the delayed ex post price process. A provisional ex post imbalance price of $4.0999/GJ was determined.

Jemena successfully submitted the revised PAD and MSD files at 11:14 and 11:15 AEST, before the extended cut-off time of 15:00 AEST. The completed allocation notice was used as an input into the calculation of the ex post imbalance price for the Sydney hub.

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[1] Refer to Appendix A for more detail on the allocation notice and related validations.

4   Jemena's comments in relation to the data submission

Jemena has advised AEMO as follows.

"Jemena EGP encountered an issue during the submission of the Pipeline Allocation Daily (PAD) and MOS Stack Daily (MSD) files to AEMO that resulted in AEMO delaying publication of the ex post price. The events of the day are outlined below.

In accordance with rule 419(1) Jemena EGP submitted the PAD and MSD STTM facility allocations files that were accepted and acknowledged by AEMO at 09:33:02 am (EST) and 09:34:45 am (EST) respectively. At the time Jemena believed the submitted numbers were correct.

As part of our regular procedures we review all figures pre and post submission to verify the data including data reconciliation with the network. During this process Jemena identified a small variance in the submitted data and promptly conducted an investigation. The subsequent investigation concluded that a minor adjustment of 133GJ representing 0.19% of gas flows on the EGP for the day in question was required due to a 40 second loss in meter communications at the start of the gas day.

Following normal procedures Jemena EGP then attempted to provide AEMO with updated PAD and MSD STTM facility allocations files. The updated PAD file was accepted and acknowledged by AEMO at 10:59:06 am (EST) whilst the updated MSD file was rejected by AEMO at 11:00:30 am (EST). Personnel of Jemena EGP were not notified by AEMO of the ex post delay in accordance with STTM procedures. Jemena understands that this was possibly due to an AEMO systems error in selecting the correct distribution list.

Jemena EGP again attempted to resubmit the PAD and MSD STTM facility allocations files which were accepted and acknowledged by AEMO at 11:14:04 am (EST) and 11:15:56 am (EST) respectively.

Jemena had submitted successfully a set of files before the 11am. The subsequent actions undertaken by Jemena to rectify the correction resulted in the right market outcome despite the data substitution being incomplete. Jemena EGP understands there were no adverse impacts on the Sydney STTM as a result of the resubmission. Since the PAD and MSD files are required to be submitted as a pair, its Jemena's recommendation that any subsequent submission should not be relied upon until both files have been successfully accepted and acknowledged by AEMO.

Jemena takes it obligations to the STTM market very seriously and the incident has been discussed and the Commercial Operations team responsible for all STTM data submissions is exploring options to minimise a reoccurrence. Any lessons learnt will be communicated to other pipeline operators at the earliest opportunity."

5   Assessment of the event

Jemena's attempt to revise the allocation notice after it had identified and corrected a data loss in the submission at 09:33 AEST was not able to be completed before 11:00 AEST, therefore causing the delayed ex post price process to be initiated. In AEMO's view, this outcome is preferable to using an earlier allocation notice that is erroneous in setting the ex post price which otherwise would have been the case.

AEMO notes Jemena's recommendation that since both the PAD and MSD files are required to be submitted as a pair, then any subsequent submission should not be relied upon until both files have been successfully accepted and acknowledged by AEMO. To do this would require substantive changes to the AEMO market systems. The value in such a change would need to be considered by industry as a whole.

The latest pair of PAD and MSD files did not match at 11:00 AEST. This lead to an extended period being made available for data submission, allowing until 15:00 AEST for revised data submissions. Jemena completed its submission of a valid facility allocation notice at 11:15 AEST as allowed under section 7.2.1B of the STTM Procedures.

A provisional ex post market imbalance price was produced just after 11:00 AEST in accordance with the rules. The STTM systems determined the delayed ex-post imbalance price just after 15:00 AEST in accordance with clause 7.2.1C of the STTM Procedures.

AEMO notes Jemena's comment about its personnel not being notified by AEMO of the ex post delay. This was due to AEMO personnel omitting to include the contact type "STTM MN-24 Hr contact-SYD hub only" and only including "STTM MN-24 Hr contact-All hubs" in the market notice that was manually generated at 11:57 AEST on 16 October 2014. The notice advised the market that the provisional ex post price had been published and there would be a delay in publishing the ex post price. AEMO staff have had refresher training on selection of appropriate distribution lists.

Market reporting operated as expected.

- MIS Report INT 675 - Default Allocation Notice Report for the EGP was published just after 11:00 AEST because a valid STTM facility allocation notice had not been received by the 11:00 AEST cut-off time.

- MIS Report INT 666 – Market Notice Report was published 11:57 AEST advising the market that an MSD file had not been received for EGP, that a provisional ex post price had been published, and a delayed ex post price would be published later.

- MIS Report INT 657 - Ex Post Market Data Report which is published just after 11:00 AEST showed the provisional ex-post price as $4.0999/GJ. The same report published just after 15:00 AEST showed the 'delayed' ex-post price as $4.0999/GJ.

- MIS Report INT 689 - Ex Post Allocation Quantity Report which is published just after 11:00 AEST showed the default allocation data used in the provisional ex post schedule. The same report published just after 15:00 AEST showed the actual allocation data used for the ex-post imbalance price.

The manually generated market notice also triggered SMS/email messages that were sent to the market at 11:57 AEST advising a provisional ex post imbalance price had been published due to a missing MSD file.

No automated SMS/email messages were sent to the market at 11:00 AEST to advise of a provisional ex post imbalance price because these messages are only sent if a PAD file submitted has breached a high or low warning threshold, or is missing. SMS/email messages must be manually generated when only the MSD file is missing.

The market reports are available from the AEMO website at http://www.aemo.com.au/data_gas/sttm_data.html.

6   Market Impacts

As a consequence of the event, a provisional ex post imbalance price of $4.0999/GJ was produced using a default allocation for the EGP. A delayed ex post imbalance price of $4.0999/GJ was produced by 16:00 AEST for the Sydney hub using the revised allocation notice submitted by Jemena.

On this occasion, there was no difference between the provisional ex post imbalance price and the delayed ex post imbalance price, noting that the market short quantity changed from 13,677 GJ to 15,724 GJ. As there was no difference between the provisional and delayed ex post prices the cumulative price calculated after each price was determined was the same.

Prudential monitoring outcomes were unaffected since the provisional ex post imbalance price that was used to determine trading participants' exposure was the same as the 'delayed' ex post imbalance price.

7   Conclusion

There were no market impacts resulting from the event.

Based on Jemena's comments above, it is exploring options to minimise a reoccurrence and that any lessons learnt will be communicated to other pipeline operators at the earliest opportunity.

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

APPENDIX A: Facility Allocation data and the ex post imbalance price

By 4.5 hours after the start of 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 gas day starts at 6:30am at the Sydney and Adelaide hubs, and 8:00am for the Brisbane hub.

The STTM facility allocations provide AEMO with the final 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 4.5 hours after the start of the gas day, an extended period is made available for the allocation agent to deliver the STTM facility allocations for the relevant facility by 8.5 hours after the start of the gas day.

If the STTM facility allocations are not submitted by 8.5 hours after the start of the gas day, AEMO will use default allocations for the relevant facility to generate the ex post imbalance price by 9.5 hours after the start of the gas day.

For any STTM pipeline, the daily STTM facility allocation notice consists of two files, a facility allocation file and a market operator service (MOS) step allocation file (also known[2] as the PAD and MSD files respectively). For each STTM facility allocation notice, the PAD file is required to be submitted before the MSD file and the two files are typically submitted a few minutes apart by the pipeline operators. Validations by the AEMO STTM systems are performed as follows:

- *Individual PAD and MSD validations*—validations are performed individually on the facility allocations (PAD) and MOS step allocation file (MSD) for each pipeline facility at the time the pipeline operator submits each file;

- *The PAD/MSD matching check*—a validation is run to check that the total MOS quantities (excluding overrun MOS) in both the facility allocation file and MOS step allocation file for each pipeline match. This is run at the time the MOS step allocation file is submitted. The MSD submission is rejected if it fails this test.

- *The PAD/MSD cut-off check*—in case the PAD and MSD sequence[3] is not followed, the STTM system also performs a daily check, at the D+1[4] allocation submission cut-off time, that there is a valid matching pair of facility allocations and MOS step allocation files for each STTM pipeline. Accordingly, this is required to be run at 11:00am for the Sydney and Adelaide hubs and 12:30pm for the Brisbane hub. In the absence of a matching pair of valid allocation files, default allocations for the relevant STTM pipeline are applied and used as an input into the calculation of the provisional or ex post imbalance price.

As far as the NGR and STTM Procedures are concerned these two files are treated as one allocation notice and neither can be considered to be validly submitted without the other.

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[2] Refer to STTM participant build pack and STTM participant build pack business validations addendum at http://www.aemo.com.au/Gas/Policies-and-Procedures/Short-Term-Trading-Markets/Rules-Procedures-and-Interface-Protocol

[3] For example, a second PAD file could be submitted which doesn't match the first MSD file.

[4] D+1 refers to the day after the respective gas day D.