

COMPLIANCE ISSUES FOR DECISION

DATE: 28 April 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 17/03/16</p>	<p>In the week on 14/03/16 APA, the Pipeline Operator for the Parmelia Pipeline (APA), notified REMCo that they would commence flowing gas on the newly commissioned interconnection between the Parmelia Pipeline and the South-Metro sub-network (1107P) on 17/03/16. Two Users made nominations and allocations for gas on 1107P on 17/03/16, and so these two Users were assigned User Deemed Withdrawal values for the gas day for the Parmelia Pipeline.</p> <p>However, APA experienced problems with commissioning 1107P on 17/03/16, and so gas did not flow on 1107P. As REMCo was not aware of the commissioning issues, all market processes and calculations continued as usual.</p> <p>Rule 255 of the Retail Market Rules requires Pipeline Operators to provide REMCo with notification if they are not able to inject gas in accordance with Users' nominations. REMCo did not receive a notice from APA about the commissioning issues until 20/03/16, 3 days after the incident, and only after REMCo first made contact with APA regarding the lack of gas flow on 1107P. This failure of APA to provide notification to REMCo is an apparent breach of Rule 255.</p> <p>APA's inability to inject gas as per nominations at 1107P on 17/03/16 resulted in high Swing Service for the Metro-South sub-network for gas days 17/03/2016, 19/03/2016 and 21/03/2016. Swing Repayment Quantities were calculated for all Users on the Metro-South sub-network for those gas days.</p>	<p>Submissions were called for on 08/04/16 and the submission window closed on 22/04/16.</p> <p>No submissions were received. This indicates that market participants were not materially impacted by APA's breach of Rule 255 in this instance.</p> <p>Based on the available evidence, REMCo determines that the breach of Rule 255 by APA on 17/03/2016 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> <p>Nevertheless, REMCo notes that this is the second instance where APA has failed to provide a notice to REMCo under Rule 255, with subsequent impacts on Swing Service volumes. While the impact on Swing Service volumes was relatively modest in the most recent incidences, REMCo believes that breaches of Rule 255 could affect other market participants or the market as a whole, and should not be dismissed lightly. As a result, APA is advised that REMCo is likely to find any future breaches of Rule 255 to be material, and will likely refer any such matter to the Economic Regulation Authority.</p>

	<p>REMCo tested a proposed resolution to this problem, and provided reports outlining the proposed solution to the affected participants (i.e. Alinta Energy, APT Facility Management, Kleenheat Gas, Perth Energy and Synergy) on 23/03/16; and all affected participants agreed with the proposed resolution.</p> <p>REMCo implement the proposed solution to modify the pipeline injection in GRMS on 24/03/16 for gas day 23/03/16, which returned the Swing Service for the Metro-South sub-network to zero.</p>	
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COMPLIANCE ISSUES:

1. Rule breaches reported by REMCo:

a. Apparent breach of Rule 255 by APA on gas day 17/03/16.

Description See the description above.

Action taken REMCo issued a notice to the market on 08/04/16 regarding the apparent Rule breach, and requested submissions from participants to indicate whether they had been adversely impacted by the apparent Rule breach. The consultation period for this notice elapsed on 22/04/16.

APA has indicated that it will take steps to ensure compliance with Rule 255 in the future.

With respect to commissioning 1107P, APA has agreed to inform REMCo in advance when they will commence flowing gas on 1107P, and REMCo will advise the market.

Impact 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 17/03/2016 was not material.

Decision REMCo exercises its discretion under Rule 329(1)(c) to take no further action in relation to this matter, and will not refer the matter to the Economic Regulation Authority.

Nevertheless, REMCo notes that this is the second instance where APA has failed to provide a notice to REMCo under Rule 255, with subsequent impacts on Swing Service volumes. While the impact on Swing Service volumes was relatively modest in the most recent incidences, REMCo believes that breaches of Rule 255 could affect other market participants or the market as a whole, and should not be dismissed lightly. As a result, APA is advised that REMCo is likely to find any future breaches of Rule 255 to be material, and will likely refer any such matter to the Economic Regulation Authority.