

Notice of apparent breach of WA Retail Market Procedures clauses 178, 181 and 197 by Synergy for gas day 22/11/2017

Overview:

High Swing Service volume was detected for gas day 22/11/2017. AEMO has investigated this matter and found that Synergy put in a Users' Pipeline Nomination Amount ("UPNA") on the Parmelia Pipeline (P) for the South Metro sub-network (1107) of 136,798MJ but its Users Allocation Instruction ("UAI") was 2TJ. This contributed to the Swing Service Spike of 2.2TJ on 1107 for gas day 22/11/2017.

These inputs have resulted in a Swing Service Spike on 1107 and appears to be a breach of clauses 178, 181 and 197 of the Retail Market Procedures WA (the "Procedures") by Synergy.

Clauses 178, 181 and 197 of the Procedures read as follows:

178. User to procure injections which match user's likely swing service repayment quantities and user's required withdrawals

A user must ensure that for each *sub-network* for each *gas day* it procures:

- (a) the *repayment* into the *sub-network* of the *user's swing service repayment quantities* for the *sub-network* for the *gas day*; and
- (b) the *injection* into the *sub-network* of an amount of gas equal to its good faith estimate as a *reasonable and prudent person* of its likely *user's required withdrawals* for the *sub-network* for the *gas day*.

181. User to minimise its contribution to swing service

A user must endeavour to minimise the extent to which it, and its related shippers or swing service providers (as applicable), contribute to the causation of swing service.

197. User's pipeline nomination amount

- (1) For each *user* for each *gate point* for each *gas day*, a "**user's pipeline nomination amount**" is the sum of:
 - (a) the *user's amounts* of its *related shipper's nominations* for the *gate point* for the *gas day* (summed across all *related shippers* for the *gate point*) calculated under clause 196 of Chapter 5 of Retail Market Procedures; and
 - (b) the *user's swing service repayment quantities* for the *gate point* for the *gas day* as notified by AEMO under Retail Market Procedures clauses 300(4) or 300D(1)(b) (whichever is applicable).
- (2) For each gas day for each gate point, at least 18 hours before the start of the gas day, a user must notify AEMO of the user's pipeline nomination amount for the gate point.

Impact:

Synergy's action appears to have contributed to the Swing Service Spike on 1107 of 2.2TJ for gas day 22/11/2017.

Resolution:

Synergy advised AEMO that the Swing Service Spike on 1107 for gas day 22/11/2017 was due to:

- The Parmelia Pipeline operator changed how swing volumes are reported to Synergy. This change exposed an underlying but previously unrecognised error in how Synergy's trading system calculates and creates nominations for swing repayment quantities.
- A change in operational circumstance on that particular day leads Synergy to adopt a different nomination approach. Due to the change in how the Parmelia Pipeline operator reported and the error in Synergy's trading system a new UAI was not generated to match Synergy's UPNA.
- Due to the change in Synergy's UPNA, Synergy's UAI quantities on the day of the incident were significantly different from the day where the swing nomination was initially made.

These resulted in an unintended consequence to Synergy's trading system.

Following the incident review, Synergy initiated a change to the gas nomination process to avoid such reoccurrences in the future.

Proposed Further Actions:

No further action has been identified.

Invitation for submissions:

Before determining whether any further action is required, AEMO invites written submissions from participants as to:

- the effect that this incident has on their operations, and
- their view with regard to the determination, if any, AEMO should make under clause 329 of the Procedures in respect of the apparent breaches of the Retail Market Procedures.

Submissions are requested by no later than 5:00pm (AEST) Wednesday 10/01/2018. Submissions should be sent by e-mail to rmo@aemo.com.au.

Alternatively, submissions can be sent by post to AEMO at:

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AEMO
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Melbourne VIC 3001

If you have any questions regarding this matter, please contact Carol Poon on (03) 9609 8509.

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