

NOTICE OF MAKING (VERSION NGR 1.1) OF THE GAS SCHEDULING PROCEDURES

PREPARED BY: Metrology and Gas Market Performance

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VERSION: 1.0

DATE: 7 March 2011

FINAL

AEMO decision to make the Gas Scheduling Procedures

In accordance with rule 135EE 'Ordinary process for making Procedures' of the National Gas Rules (NGR), AEMO:

- initiated the consultation of the Gas Scheduling Procedures (GSP) with the issue of the Proposed Procedure Report (PPC) on 24 December 2010;
- published the Impact and Implementation Report (IIR) on 12 January 2011 inviting registered participants and the public to submit written comments on the proposed Procedures.

Submissions closed on 7 February 2011. No written submissions were received by the closing date.

Origin Energy Ltd (OE) submitted their comments on 8 February 2011 which were accepted by AEMO. OE's comments can be located at the following link:
<http://www.aemo.com.au/consultations/1091-0015.html>

AEMO met with OE on 22 February to clarify their written comments. Following the meeting, AEMO revised the GSP in the light of OE's original comments in the submission and additional comments raised at the meeting on 22 February. The comments were around the lack of clarity of the operation and application of the GSP.

AEMO consulted OE on the further changes to the GSP on 1 March 2011. OE confirmed in their response on 4 March that they were satisfied that the changes in the GSP adequately resolved the issues raised.

In accordance with rule 135EE(4) of the NGR, AEMO hereby publishes its decision for making the GSP that:

- (a) summarises comments received on the proposed GSP (see Schedule 1);
- (b) sets out the updated GSP (see Schedule 2) with an effective date of 1 April 2011; and
- (c) describes how and why the GSP have been revised (see Schedule 3).

Schedule 1 - Summary of comments on the GSP

Origin Energy submission received on 8 February 2011

In its submission, OE:

1. Raised a number of issues related to the design of the solution including its robustness and appropriateness in the light of changes to the physical configuration of the networks since 2009.

- AEMO noted that the GWCF:
 - Had deliberated the design issues at GWCF meetings between Aug 09 and Dec 09 in accordance with the consultation process for consideration of issues relating to the operation and design of the Declared Wholesale Gas Market (DWGM)¹; and
 - Agreed to implement the proposed solution (see GWCF paper 09-080-04, GWCF minutes for meeting 155).
- AEMO believes that the generic nature of the changes to the procedures mean that physical changes to system configuration have no impact on the validity and effectiveness of the proposed solution in addressing the current issue at SIPs with multiple supply sources.

2. Raised concerns about the inconsistent application of the solution across the Declared Wholesale Gas Market (DWGM) or selected System Injection Points (SIPs) with multiple supply sources.

- AEMO confirms that the proposed solution applies consistently across the DWGM at all SIPs with multiple supply sources, as was in AEMO notice to GWCF (See Mr Louis Chen's email to GWCF on Friday, 10 December 2010 11:12, with the title "Response to comment on multiple supply source GWCF paper 10-080-01 and a draft copy of Accreditation Form for comments").

3. Questioned the lack of clarity around its application and operation, in particular the application of multiple supply source Supply and Demand Point Constraint (SDPC).

- AEMO believes that the relevant details were provided in GWCF papers presented at GWCF meetings between Aug 09 and Dec 09 or communicated to GWCF members via emails. However, after further discussions with OE, AEMO made further changes to the GSP to address OE's concerns.. See Schedule 3 for more details.

4. Requested to defer the effective date of the GSP to Jul 2011 to enable market participants (MPs) sufficient time for setting up the required business processes and systems.

- AEMO consulted the GWCF on this issue. The GWCF supported the original date of 1 April 2011 taking into account the potential risks to system operations if the changes were implemented in winter, and agreed to OE's request that the GWCF review the effectiveness of arrangements post winter 2011 (see minutes of GWCF meeting 152, 22 Feb 2011).

¹ See GWCF Terms of Reference at http://www.aemogas.com.au/index.php?action=filemanager&folder_id=812&pageID=9950§ionID=9948

Origin Energy comments received on 4 March 2011

AEMO updated the GSP taking into account OE comments included in their submission and raised during the meeting on 22 February. OE reviewed the revised GSP and confirmed that the changes have satisfactorily resolved the issues they raised. See Schedule 4 for OE's confirmation.

Schedule 2 - the updated Gas Scheduling Procedures

AEMO has published the updated GSP which can be located via the link below on AEMO website.

[Home>Gas>Gas Market Consultations>Wholesale Market Gas Scheduling Procedures \(Victoria\) Version NGR1.1.](#)

Schedule 3 - Explanations of the changes to the Gas Scheduling Procedures

AEMO has made the following changes to the GSP in response to OE's comment (Point 3 in Schedule 1) on the lack of clarity around the application and operations of the GSP. The GSP now make it clear that:

- A multiple supply source SDPC only applies to bids where Market Participants have accredited multiple supply sources with AEMO. The changes are in Section 3.8 and 3.10 of the GSP; and
- in order for AEMO to register the multiple supply sources, the facility operator must demonstrate that appropriate pre-arrangements are in place between the facility operator and the relevant MPs to allow the SDPCs to operate appropriately. The relevant changes are in Section 3.8A of the GSP.

The changes made to relevant sections of the GSP are shown in Table 1 below.

Table 1 - Changes to the GSP (relative to the original version on consultation)

3.8 Supply and Demand Point Constraints

AEMO may apply Supply and Demand Point Constraints (SDPC) to reflect contractual, physical and operating constraints at system injection points and system withdrawal points that are to be taken into account during the preparation of an operating schedule. AEMO may also apply SDPCs during plant commissioning or pipeline maintenance (e.g. maintenance of compressors) to achieve physically feasible operating schedules.

SDPCs consist of:

- supply point constraints, which usually apply to the aggregate schedules on all Market Participants injecting gas at a particular meter;
- supply point constraints which ~~are used to~~ selectively constrain injection bids at system injection points where the facility operator has registered multiple supply sources in accordance with section 3.8A and Market Participants have accredited multiple supply sources in accordance with section 3.40~~associated with a failed supply source at a particular injection meter receiving gas from multiple upstream supply sources;~~ and
- demand point constraints, which usually apply to the aggregate schedules on all Market Participants withdrawing gas at a single off-take meter.

The two important roles of SDPCs are:

- (a) to enable the Market Clearing Engine to reasonably represent the planned and the actual total injection or withdrawal of gas during the day from a system injection point or system withdrawal point, where one or more Market Participants are involved in contracting the gas for injection or withdrawal. This will allow AEMO to produce an operating schedule that is representative of the planned and the actual total injection or withdrawal of gas from all Market Participants that are injecting or withdrawing at the system injection point or system withdrawal point; and
- (b) to provide a facility whereby AEMO is able to prescribe an overriding set of constraints upon the collective bids at a system injection point or system withdrawal point (or selective bids at a system injection point). In this way, AEMO can reflect constraints at system injection points or system withdrawal points according to the operating arrangements, applicable to the gas day. If needed, this facility also allows AEMO to intervene in the market and drive the operating schedule during emergencies or at times of system constraint.

AEMO will set the SDPC parameters at an injection or withdrawal meter according to information supplied by Producers, interconnected transmission pipeline service providers and Storage Providers, either from the terms and conditions specified in operating agreements, which are entered into between AEMO and the associated party that is injecting or withdrawing; or using information provided by such party. This information will be used to set the overall limits for the system injection points or system withdrawal points specified in the information provided, to ensure any scheduling instruction issued by AEMO is consistent with injection or withdrawal capabilities of the system injection point or system withdrawal point for the period that the SDPC applies. The SDPCs include, but are not limited to:

- daily minimum quantity;
- daily maximum quantity;
- hourly minimum quantity;
- hourly maximum quantity;
- hourly ramp up/down limits;
- hourly response time;
- flexible response; and
- point expiration time.

AEMO may change SDPCs independently of information provided by Market Participants during the gas day where AEMO becomes aware of changes in the physical capabilities of a supply source that may constrain that supply source and limit its ability to support system security.

Unless intervening in the market, AEMO will apply the appropriate SDPCs to both operating schedules and pricing schedules.

AEMO will notify Market Participants of changes to SDPCs by an SWN using SMS in accordance with Chapter 7.

In the event of an outage of a supply source at a system injection point for which the facility operator has registered multiple supply sources, in accordance with section 3.8A, the facility operator must advise AEMO that they will cease to inject gas from that supply source into the DTS.

After receiving this advice, AEMO must:

- set the MHQ to zero for injection bids at the failed supply point from Market Participants who have accredited the failed supply point as one of their multiple supply sources, in accordance with section 3.10; and
- notify Market Participants of the applied SDPC by an SWN using SMS in accordance with Chapter 7.

~~In the event of an upstream supply source outage at a system injection point where the facility operator has registered multiple supply sources, in accordance with clause 3.8A, the following must occur for AEMO to apply a constraint:~~

- ~~• the relevant facility operator must advise AEMO that they will cease to inject gas from a registered supply source into the DTS;. Upon receiving this advice, AEMO will set the MHQ to zero for the injection bids associated with the nominated supply source as per the Accreditation information provided to AEMO by these Market Participants. Refer to section 3.10; and~~
- ~~• AEMO will notify Market Participants of the applied SDPC by an SWN using SMS in accordance with Chapter 7.~~

3.8A Registration of multiple supply sources

A facility operator may apply to register multiple supply sources at a SIP for the purpose of SDPC.

AEMO must register the multiple supply sources if the facility operator can demonstrate

~~satisfied~~ that appropriate arrangements are in place between the facility operator and the relevant Market Participants to allow the SDPCs to operate in accordance with ~~clause~~ [section](#) 3.8.

3.10 Accreditation of controllable quantities (bids)

Under rule 210(1) of the Rules, AEMO and the Market Participants must comply with the accreditation procedures for the accreditation of quantities.

Market Participants who wish to be eligible to receive ancillary payments arising from the lodgement of their injection bids and withdrawal bids of a controllable quantity must provide information on any constraints applicable to the deliverability of gas for their injections or withdrawals through the accreditation process (refer to section 3.8).

AEMO will record any accredited set of constraints for a Market Participant's bids at a meter. AEMO will only apply accredited constraints as inputs to the Market Clearing Engine and such accredited constraints will be applied to both the operating schedule and the pricing schedule unless AEMO reasonably determines that the accreditation data is the cause of an infeasible operating schedule or pricing schedule.

If AEMO identifies that bid data that has passed validation is causing an operating schedule or pricing schedule to be infeasible, AEMO may amend intra day the accredited quantities of the relevant Market Participant, as described further in section 5.4. AEMO will notify the affected Market Participant of any such actions undertaken by AEMO.

Accreditation quantities for a Market Participant may include those shown in Table 2 below:

Accredited quantities for injection bids	Accredited quantities for withdrawal bids
<ul style="list-style-type: none"> • Hourly ramp rates (up and down) • Minimum hourly flow • Maximum hourly flow • Hourly response time • Bid expiration time • Fixed schedule quantities (schedule restriction) • Flexible response • Nominated multiple supply source for SDPC 	<ul style="list-style-type: none"> • Hourly ramp rates (up and down) • Maximum hourly flow • Hourly response time • Bid expiration time • Fixed schedule quantities (schedule restriction) • Flexible response

Table 2: Accreditation quantities

Schedule 4 - Origin Energy's confirmation of acceptance of the further changes to the GSP

From: Cole, Hannah [mailto:Hannah.Cole@originenergy.com.au]
Sent: Friday, 4 March 2011 08:12
To: Roger Shaw
Cc: Canh Diep; Neale Scott; Louis Chen; James Shelley; O'Farrell, Andrew; Lillian Patterson (Origin Energy)
Subject: RE: Consultation on changes to Gas Scheduling Procedures to accommodate multiple supply source SDPC

Hi Roger,

Thanks again for the opportunity to comment.

We've reviewed your suggested changes and are happy that they address the concerns raised, along side the post-winter review. Thanks for clarifying the communication processes also.

Should you have any further questions, feel free to give me a call.

Apologies for not getting back to you until this morning; I've been interstate much of this week.

Kind regards,
Hannah

Hannah Cole

Regulatory Policy Manager
Energy Risk Management
Origin

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From: Roger Shaw [mailto:Roger.Shaw@aemo.com.au]
Sent: Tuesday, 1 March 2011 2:40 PM
To: Cole, Hannah
Cc: Canh Diep; Neale Scott; Louis Chen
Subject: Consultation on changes to Gas Scheduling Procedures to accommodate multiple supply source SDPC

Dear Hannah

Following our meeting after the last GWCF, we have made changes to the proposed Gas Scheduling Procedures (GSP) to:

- Make it clearer that the multiple supply source SDPC only apply to bids where Market Participants have accredited multiple supply sources (applied at two points in section 3.8 of GSP and additional word added at section 3.10)
- Clarify AEMO's discretion in approving multiple supply sources (applied to section 3.8A of GSP requiring Facility Operators to demonstrate that appropriate arrangements are in place)

We can also confirm that the multiple supply source SDPC will be reported via the MIBB and System Wide Notices as follows:

- New MIBB report INT112c that has been developed for the constraint. This will be published at every

OS approved (same as SDPC & DFPC). Full details will be provided via the IT Development Forum.

The report will show each Supply Source (whether constrained or not) configured for each hour in the gas day. A specific column will then show 1 or 0 (for each hour of the gas day). The figure is set to 1 if the hourly constraint is set to zero and 0 if the hourly constraint has not been set to zero.

- The SWN will indicate the injection meter (applied at 30000168PC for gas day XX/XX/XX) and the name of the supply source (consistent with the INT112c MIBB report)

Attached is the draft of the final wording of the GSP – marked up against the relevant clauses in the GSP as issued in the consultation. We would like confirmation from you that the changes and the reporting arrangements set out above – together with the post winter 2011 GWCF review - resolve the issues you raised in your response to the consultation.

We are required to publish our decision on changes to the GSP by Monday 7 March 2011 (20 business days after the consultation closed on 7 February 2011). This can show changes made to the procedures in light of comments received, and we can take comments received after the close of consultation (ie your confirmation above) into account. Accordingly, we would appreciate your early review of the proposal.

Please do not hesitate to contact Canh or myself if you have any queries.

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