

# STTM EVENT: CONTINGENCY GAS TRIGGER – GAS DAY 24 NOVEMBER 2016 AT SYDNEY HUB

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## Important Notice

### Purpose

AEMO has prepared this report in accordance with rule 497 of the National Gas Rules (Rules), using information available as at the date of the report, unless otherwise specified.

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## Summary and purpose

At 1214 hrs Australian Eastern Standard Time (AEST) on 24 November 2016, Jemena EGP (Jemena) notified AEMO that a Contingency Gas (CG) trigger event had occurred for gas day 24 November 2016. The Longford Gas Plant (Longford) was experiencing compressor issues that could potentially cause a supply shortfall on the Eastern Gas Pipeline (EGP) into Sydney hub. Jemena estimated there would be a 30 – 50 TJ supply shortfall into the Sydney hub for gas day 24 November 2016.

The linepack status of EGP on the AEMO Gas Bulletin Board (GGB) for 24 November 2016 was changed by Jemena to “Red” (indicating involuntary curtailment of ‘firm’ load was likely or was happening on that gas day). The status was reinstated to “Green” (indicating pipeline capacity and linepack was adequate to meet demand on the gas day) for 25 November 2016.

In accordance with the National Gas Rules (NGR), on 24 November 2016, AEMO convened CG Assessment Conferences and an Industry Conference to assess the likely impact of the CG trigger event, and determine the nature and timing of appropriate responses.

Following these conferences, AEMO determined and then informed the market that no CG was required for gas day 24 November 2016.

At 1757 hrs AEST on 24 November 2016, AEMO notified the market that the CG event was closed.

As no CG was scheduled, there are no CG price impacts to report.

## 1 Background

### 1.1 Event reporting requirements

Rule 497 of the NGR requires AEMO to publish a report within 30 business days after the conclusion of a reviewable event. The report must include:

- A description of the reviewable event.
- AEMO's assessment of:
  - The actions taken by Trading Participants, STTM facility operators, STTM distributors and AEMO in relation to the reviewable event.
  - The effect of the reviewable event on STTM operation.
  - Whether the provisions of Part 20 of the NGR (the rules relating to the STTM) were adequate to address the reviewable event.
  - Any other matter AEMO considers relevant.

Under Rule 497, AEMO's report of such an event must also include its reasons for not scheduling any price steps for the relevant hub on the relevant gas days that were either:

- Contained in CG offers and were below the high contingency gas price.
- Contained in CG bids and were above the low contingency gas price.

### 1.2 Review of Division 8 of the National Gas Rules

Rule 493 requires AEMO to review the operation of Division 8 of the NGR (Part 20, Division 8 of the NGR outlines the contingency gas arrangements for the STTM) after the first time contingency gas is scheduled in relation to a contingency gas trigger event. AEMO must undertake the review in accordance with the extended consultative procedure outlined in rule 9A of the NGR.

As no contingency gas was scheduled in this instance, a review of Division 8 is not required.

## 2 Contingency gas trigger event

On 24 November 2016, Jemena notified AEMO that it believed a CG trigger event had occurred for gas day 24 November 2016 under NGR 440(1)(c). Rule 440(1)(c) relates to an event upstream of an STTM distribution system that could reasonably be expected to adversely affect the supply of natural gas to that STTM distribution system. The upstream event was due to the Longford Gas Plant experiencing compressor issues. This could potentially cause a supply shortfall on the Eastern Gas Pipeline (EGP) into Sydney hub. Jemena estimated there would be a 30 – 50 TJ supply shortfall into the Sydney hub for gas day 24 November 2016.

## 3 Event description

**24 November 2016** (All times are expressed in AEST)

Time (AEST) (approximate)	Event/Action
1200 hrs	Jemena's pipeline modelling confirmed the need for immediate pipeline reduction of at least 90 TJ due to Esso ongoing supply constraints.
1214 hrs	Jemena contacted AEMO to notify of a CG trigger event and subsequently updated the GBB Linepack Adequacy Flag for the EGP to "Red".
1300 hrs	AEMO notified all Sydney STTM Participants that a CG trigger event had occurred with a market notice via email and SMS.
1307 hrs	AEMO notified the Sydney STTM FO's, Distributor and Esso Australia via Whispir messaging service (using SMS and email) that an Assessment Conference (AC) will be held at 1330 hrs AEST.
1330 hrs	<p>At the first Assessment Conference:</p> <ul style="list-style-type: none"> <li>Jemena advised that EGP was depleting linepack by 3 TJ/hr; at this rate Horsley Park gate station would breach pressure at approximately 0000 hrs on 25 November 2016.</li> <li>Jemena provided an initial estimation that up to 90 TJ of reduction in flows would be required on EGP, however detailed hydraulic modelling was currently underway and Jemena would have a more accurate result within the next hour.</li> <li>Esso advised that Longford Gas Plant 3 was experiencing compressor issues with expected total daily rate of 600TJ and expected daily rate into EGP is 310 – 320 TJ/d, subject to participant nominations.</li> <li>AGL advised that NGS ceased liquefaction 20 minutes prior to the Assessment Conference and could inject 20-30TJ for the remaining gas day if required.</li> <li>APA advised that MSP currently had total nominations of 44 TJ to the hub and total daily capacity of 298 TJ/d</li> <li>JGN advised that they were experiencing lower inlet pressure from EGP and may cause JGN to rely on other facilities for remaining gas day flows.</li> </ul>
1357 hrs	AEMO notified the market using email and SMS than an Industry Conference (IC) would be held at 1430 hrs AEST.
1430 hrs	<p>At the Industry Conference:</p> <ul style="list-style-type: none"> <li>AEMO provided a summary of the current situation where EGP had depleting linepack and may breach pressures by midnight (0000 hrs AEST) on 25 November 2016 due to reduced supply from Longford.</li> <li>Jemena advised that they require approximately 30 – 50 TJ of demand reduction to stabilise pressures and that the quantity would continue to increase if Esso did not provide the required flows.</li> </ul>

Time (AEST) (approximate)	Event/Action
	<ul style="list-style-type: none"> <li>• Esso advised that they were ramping up offshore production and may ramp up to 50 TJ/hr and would advise Participants of available quantities by 1530 hrs AEST.</li> <li>• APA advised that the MSP would accept renominations and had sufficient linepack.</li> <li>• Jemena noted that the event was an upstream issue, and would republish Participants' schedules if renominations were received.</li> <li>• Participants indicated that they would renominate approximately 30-50 TJ from EGP to other STTM facilities.</li> </ul>
1527 hrs	AEMO notified the Sydney STTM FOs, Distributor and Esso Australia via Whispir messaging service (using SMS and email) that a second Assessment Conference would be held at 1630 hrs AEST.
1630 hrs	<p>At the second Assessment Conference:</p> <ul style="list-style-type: none"> <li>• AEMO summarised the previous conferences whereby Jemena advised that 30-50 TJ of renominations were required.</li> <li>• Jemena advised that EGP received a decrease of 63TJ in renominations from the STTM hub and upstream demand, and would reduce flows immediately.</li> <li>• Esso advised Longford was ramping up and delivering at 18TJ/hr to EGP. Esso indicated they would resume a total plant capacity of 930 TJ/d for future gas days.</li> <li>• APA advised that MSP received an increase of 20 TJ in renominations, and that the pipeline was currently pressured out. AEMO noted that the MSP would be able to make up flows once EGP had reduced their flowrate into the distribution network in line with the renominations.</li> <li>• AGL advised that NGS had reduced its demand from the hub by 6 TJ.</li> <li>• The Assessment Conference concluded that the renominations were sufficient to alleviate the issue for gas day 24 November 2016, and future gas days.</li> <li>• AEMO therefore made a determination that zero CG would be required for gas day 24 November 2016.</li> </ul>
1757 hrs	AEMO notified the market, via a market notice and also via email and SMS that contingency gas would not be required at Sydney hub for gas day 24 November 2016 and published the CG determination on AEMO's website.

## 4 AEMO's assessment

### 4.1 Actions taken by participants, facility operators, and AEMO

After Jemena's initial pipeline modelling indicated the need for immediate pipeline delivery reduction of at least 90TJ for gas day 24 November 2016, Jemena contacted AEMO to notify of a CG trigger event and updated the linepack status on the GBB to "RED".

Since AEMO was notified that a CG trigger event had occurred as defined in Rule 440(1)(c), AEMO began the contingency gas process. The first activity was AEMO publishing a notice under Rule 441 that a trigger event had occurred. AEMO then followed up by convening a CG assessment conference in accordance with Rule 442.

At the assessment conference, Jemena provided an initial estimation that up to 90 TJ of reduction in flows would be required on EGP, however detailed hydraulic modelling was underway and Jemena would have a more accurate result within the next hour.

The assessment conference identified that renominations from the EGP to Moomba to Sydney Pipeline (MSP) could alleviate the supply shortfall without the need to schedule CG. The industry conference would reconvene an hour later allowing Jemena to complete their detailed hydraulic modelling and provide a more accurate result.

In accordance with Rule 443, AEMO then convened a CG industry conference. At the industry conference, Jemena advised that they require approximately 30 – 50 TJ of demand reduction to stabilise pressures and that the quantity would continue to increase if Esso did not provide the required flows.

Esso advised that both compressors had been restarted and were ramping up offshore flows and would provide their Shippers with confirmed quantities within the next hour. AEMO advised that they were seeking renominations (from EGP to MSP) of approximately 30 – 50 TJ from Trading Participants to alleviate the shortfall and would convene the second assessment conference within the following hour. This would provide enough time for Esso to provide their Shippers with confirmed quantities and then for Shippers to renominate.

At the second assessment conference, Jemena advised that Trading Participants had reduced nominations on EGP by 63TJ and would reduce flows immediately. APA advised that Trading Participants had increased nominations on MSP by 20 TJ. Esso advised that Longford was ramping up and was subsequently delivering 18 TJ/hr to EGP.

Based on the information provided at the assessment conferences, AEMO determined and then notified the market that no CG would be required at the Sydney hub for gas day 24 November 2016.

All parties acted reasonably in considering the event and exploring options and alternatives to scheduling contingency gas. The potential supply shortfall was avoided through STTM renominations facilitated by the CG industry conference.

AEMO market communications operated as expected:

- MIS Report INT 666 - Market Notice Report was published advising that a contingency gas trigger event had occurred and the contingency gas determination made. The determination was also published on the AEMO website.<sup>1</sup>
- SMS messages and/or emails were also sent to participants advising them of the market notice content.

Whisper messaging service was used to advise (via email and SMS) contingency gas contact(s) of the FOs and distributor of the CG assessment conference.

## 4.2 The effect of the reviewable event on the operation of the STTM

As there was no contingency gas scheduled, there are no market pricing impacts to report for 24 November 2016.

Market impacts resulting from differences in renominations from reductions on EGP compared to increases on other facilities are not discernible for this event. This is due to the large forecast demand error which resulted in the market being long by approximately 33.5TJ.

## 4.3 Whether the provisions of Part 20 of the NGR were adequate to address the reviewable event

In accordance with Division 8 of the NGR, the contingency gas process began as a result of a trigger event and ended with the CG assessment conference and subsequent notification that no contingency gas was required.

To the extent that the exercise of Division 8 was limited on this occasion, there is nothing to suggest that the provisions of Division 8, or Part 20 of the NGR more generally, are not adequate.

## 4.4 AEMO's reasons for not scheduling price steps within a contingency gas bid or offer

As no contingency gas was scheduled in this instance, this section is not applicable.

<sup>1</sup> The contingency gas determination can be found at: [http://www.aemo.com.au/Gas/Short-Term-Trading-Market-STTM/Market-operations/Contingency\\_Gas](http://www.aemo.com.au/Gas/Short-Term-Trading-Market-STTM/Market-operations/Contingency_Gas).