

STTM EVENT – HIGH WARNING CAPACITY SUBMISSION – SYDNEY – 15 DECEMBER 2013

PREPARED BY: Market Operations and Performance

DOCUMENT REF: STTM ER 13/007

DATE: 28 January 2014

Contents

| | | |
|-----|---|---|
| 1 | Summary..... | 3 |
| 2 | Background..... | 3 |
| 2.1 | Event reporting requirements | 3 |
| 2.2 | Facility hub capacity and the ex ante market..... | 3 |
| 3 | Description of the event | 4 |
| 4 | APA Group's comments..... | 4 |
| 5 | AEMO's assessment of the actions taken..... | 4 |
| 6 | Market Impacts..... | 5 |
| 7 | Conclusion | 5 |

Glossary

| Terms or Abbreviations | Explanation |
|------------------------|--|
| AEMO | Australian Energy Market Operator |
| AEST | Australian Eastern Standard Time |
| D, D+n, D-n | An action performed on, n gas days after, or n gas days before gas day D with respect to gas day D. The term D-1 refers to actions taken on the preceding gas day before gas day D with respect to gas day D. For example, the ex ante market price calculated on D-1 is for gas day D. |
| MSP | Moomba to Sydney Pipeline |
| NGR or rule | National Gas Rules |
| STTM | Short Term Trading Market |
| SWEX | STTM Web Exchanger |
| SWEXIE | SWEX Interface Engine |

1 Summary

On gas day 14 December 2013, APA Group's D-1 facility hub capacity submission for gas day 15 December 2013 for the Moomba to Sydney pipeline (MSP) breached the high warning threshold and was not confirmed by the 09:30 AEST cut-off time. In accordance with the National Gas Rules (NGR) and STTM Procedures, the window for the submission of the MSP data was extended to 11:00 AEST. APA Group confirmed the facility hub capacity was correct by the extended cut-off time of 11:00 AEST in accordance with the STTM Procedures. This hub capacity was used as an input into the ex ante market price and schedule for gas day 15 December 2013 for the Sydney hub.

There were no market impacts resulting from the event.

APA Group has advised that since it complied with its own procedures and regulatory requirements, no further action is required.

AEMO processes for data validation, substitution and price setting operated in accordance with the rules.

2 Background

2.1 Event reporting requirements

Section 7.6 of the STTM Procedures requires AEMO to publish a report¹ if:

- data submitted to AEMO by an STTM facility operator under rules 414 or 419 of the NGR fails validation, and this leads to confirmation or substitution of data; or
- an STTM facility operator fails to provide data under rule 414 and 419 and this leads to the substitution of data.

AEMO must publish the report within 30 business days of the conclusion of the event.

2.2 Facility hub capacity and the ex ante market

On each gas day, STTM facility operators provide AEMO with daily estimates of the capacity that its STTM facility has available to deliver gas to the hub on the following three gas days. The D-1 facility hub capacity refers to the capacity estimate for gas day D that is submitted on the preceding gas day.

The daily hub capacity of the STTM facility limits the quantity of gas that AEMO can schedule for delivery to the hub from that facility on a gas day. Because of the potential effect on the resulting ex ante market price and schedule, AEMO systems validate the capacity data submitted by the facility operators. If the capacity data submitted by the facility operator breaches the warning validation thresholds, or no data has been submitted by the required D-1 cut-off time (09:30 AEST for the Sydney hub), then the submission window is extended for a maximum of 1.5 hours to allow the facility operator time to either confirm that the submitted data is valid or submit new data.

If hub capacity data is not submitted by the extended cut-off time, the provisional hub capacity information submitted on previous days for the relevant gas day will be substituted. For example, if a capacity estimate for a gas day D is not submitted on D-1, then the capacity submitted on D-2 for gas day D is used. If the D-2 is not available, then D-3 is used. If the latter is not available then the default hub capacity (registered with AEMO) is used to generate the ex ante market price and schedule. In this case, a data quality flag will show that the data was unconfirmed.

¹ Under clause 7.6 of the STTM Procedures, the report must include: a description of the event; AEMO's assessment of the actions taken by STTM facility operators and AEMO in relation to the event; AEMO's assessment of the effect of the event on the operation of the STTM; and any other matter than AEMO considers relevant.

3 Description of the event

At 06:44 AEST on gas day 14 December 2013, APA Group submitted the D-1 facility hub capacity for the Moomba to Sydney pipeline (MSP) for gas day 15 December 2013. The capacity exceeded the high warning threshold. SWEXIE acknowledgement messages and SMS/email messages alerted APA Group at the time the capacity was submitted.

At 09:30 AEST AEMO systems notified APA Group and the market that the facility hub capacity had exceeded the high capacity threshold (of 219,000 GJ). Since the facility hub capacity was not confirmed by the 09:30 AEST cut-off time, the window for the submission of the MSP data was extended to 11:00 AEST. APA Group subsequently confirmed the capacity at 10:14 AEST. This hub capacity was used as an input into the ex ante market price and schedule for gas day 15 December 2013 for the Sydney hub.

4 APA Group's comments

APA Group has advised AEMO as follows below.

“On Saturday 14th December 2013 Facility Hub Capacity (FHC) for the MSP for Gas Day 15 December was submitted before the required cut off time of 9:30AM. The submitted figure of 219,044GJ was slightly above the High Capacity Threshold of 219,000GJ. Submission of the file resulted in a text message and email from AEMO warning that the capacity threshold had been exceeded and requiring confirmation by APA before it would be accepted. This triggered an internal approval escalation process by APA to confirm that the number submitted was correct, as per APA procedures. This process was completed and data confirmed with AEMO at 10:14AM (EST). This is before the required cut off time for validation of 11AM. All APA procedures were followed, and the confirmations were performed in accordance with the STTM Procedures. Nominations for the day were below 50,000GJ.

Calculation of FHC for the MSP requires an engineering assessment of the total pipeline capacity to be made along with assumptions about the upstream deliveries which are then deducted from the total capacity to determine the remaining available capacity at Wilton. Given that assessments are made on a periodic basis, threshold values are determined using historical flow data for deliveries along the pipeline. On the day in concern nominations for upstream deliveries were lower than expected and this resulted in the Wilton capacity being derived slightly higher than what was expected when the threshold level determination was made. APA has validation processes in place to check data and whilst the value exceeded the threshold level it was checked and confirmed to be correct at the time of publication.

APA has reviewed the event and determined no further action is required as there have been no breaches of the NGR, APA Procedures or AEMO Procedures.”

5 AEMO's assessment of the actions taken

In accordance with rule 414(1), APA Group submitted D-1 facility hub capacity for the MSP by 9:30 AEST. The capacity was validated and breached the high warning validation limits. In accordance with section 7.1.3B of the STTM Procedures, APA Group was able to confirm the facility hub capacity by the 11:00 AEST cut-off time.

AEMO market systems operated correctly. The ex ante market price and schedules were produced before 13:00 AEST for the Sydney hub using the hub capacity data confirmed by APA Group before the 11:00 AEST cut-off time.

Market reports for facility operator capacity data operated correctly. Under Section 7.1.3A of the STTM Procedures, AEMO must notify a facility operator of data that fails validation. This was undertaken at the time the data was submitted at 06:44 AEST by SWEXIE acknowledgement messages and SMS/email messages to the facility operator contacts that are registered in the AEMO systems. SMS/email messages were also sent to the facility operator contacts at 09:30 AEST if the capacity is not confirmed by that time.

Under section 7.1.4 of the STTM Procedures, AEMO must make the capacity information available to trading participants at the relevant hub. AEMO notified trading participants by market reports and also by SMS/email messages. This was performed as follows:

- Report INT653 – Ex Ante Pipeline Data report which is published just after 09:30 AEST showed the facility hub capacity the market would use for the APA Group facility for the upcoming gas day. The same report published at 11.00 AEST showed the facility hub capacity for APA Group used to determine the ex ante market price and schedule.

SMS/email messages were sent to 24-hour contacts that are registered in AEMO systems for the affected hub advising them that APA Group had submitted a facility hub capacity that exceeded the high capacity threshold.

The facility hub capacity reports are also available from the AEMO website at:

http://www.aemo.com.au/data_gas/sttm_data.html.

6 Market Impacts

There were no financial or operational impacts.

APA Group was able to confirm the capacity before the extended cut-off time of 11:00 AEST indicating that the capacity was correct. Hence, the calculation of the ex-ante market price and schedule was not affected.

AEMO has not been advised by any participants that they were affected by the event.

7 Conclusion

There were no market impacts resulting from the event.

AEMO processes for data validation, substitution and price setting operated in accordance with the rules.