

AEMO COMPLIANCE QUARTERLY REPORT: GAS RETAIL MARKET PROCEDURES

PREPARED BY: Markets
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Introduction

Role of AEMO

Section 91MB(3) of the National Gas Law (NGL) requires that, if AEMO has reasonable grounds to suspect a breach of the Retail Market Procedures, it must, after making such inquiries and investigations as it considers appropriate, make a decision as to whether the breach is a material breach. AEMO must publish that decision and its reasons.

AEMO is required to assess the materiality of breaches of the Procedures and if it determines that the breach is material may direct a person suspected of a breach to take remedial action. AEMO is not required to undertake this assessment for breaches of the NGL and National Gas Rules (NGR).

Purpose

This report includes immaterial breaches identified in the last quarter, i.e. between March and May 2017. Breaches that have a material impact on market participants, the market as a whole, or end use customers are reported separately.

Quarterly Report – Immaterial Breaches

Date and time of breach	Market	AEMO/Market Participant	Procedures and clause	Summary	Impact
1 st to 3 rd , 5 th to 8 th , 18 th , 23 rd and 24 th February 2017	NSW-ACT Gas Retail Market	TRUenergy	Clause 8.9.14 of the NSW-ACT Retail Market Procedures	<p><u>Description</u> TRUenergy is a registered Retail Market User in the NSW-ACT Retail Gas Market. As such, TRUenergy has obligations to ensure that in a balanced network section in which they operate they must include in their forecast requirement the URAA calculated by AEMO. AEMO provides a monthly report to all Gas Retail Market users that contains the User Reconciliation Adjustment Amount (URAA).</p> <p>TRUenergy did not nominate the URAA as calculated by AEMO on 1st to 3rd, 5th to 8th, 18th, 23rd and 24th of February 2017. This has caused a non-compliance by TRUenergy with clause 8.9.14 of the NSW-ACT Retail Market Procedures.</p> <p><u>Cause</u> TRUenergy advised AEMO that the cause for the incorrect URAA nomination was an oversight. The process in nominating the daily URAA is a manual process. Although the Traders responsible for nominating the daily URAA were trained in the process, the process was not formally documented.</p> <p><u>Actions</u> TRUenergy has documented the daily URAA nomination process to avoid reoccurrence of this issue.</p>	<p>Immaterial</p> <p>TRUenergy's non-compliance with clause 8.9.14 of the NSW-ACT RMP on 1st to 3rd, 5th to 8th, 18th, 23rd and 24th of February 2017 had no material impact on any other market participants, the market as a whole, or end use customers.</p> <p>The total gas quantity of the URAA for the 10 days was minimal.</p>
Since the start of the NSW-ACT Gas Retail Market in 2001 until 05/04/2017	NSW-ACT Gas Retail Market	AEMO	Clause 9.1 of the NSW-ACT Retail Market Procedures	<p><u>Description</u> An internal audit of AEMO's NSW-ACT systems and processes revealed AEMO is not publishing a monthly report to users in accordance with clause 9.1(c) of the NSW-ACT Retail Market Procedures on the forecasting information and its accuracy.</p>	<p>Immaterial</p> <p>AEMO's non-compliance with clause 9.1 of the NSW-ACT Retail Market Procedures since the start of the NSW-ACT Gas Retail Market in 2001 had no material impact on any other</p>

			<p>It is noted that AEMO (and its predecessors) have never published this monthly report to the Users. However, AEMO publishes the report 'ERFTForecastingDataRpt', which contains the forecasting information and its estimated accuracy to the Users each day as per clause 8.4.1 of the NSW-ACT Retail Market Procedures.</p> <p><u>Cause</u> AEMO (and its predecessors) have not ever published this monthly report to the Users since the start of the NSW-ACT Gas Retail Market in 2001.</p> <p><u>Actions</u> AEMO proposed to remove the reporting obligation in clause 9.1(c) from the NSW-ACT Retail Market Procedures.</p> <p>This proposed change has been considered in consultation under the expedited Procedure change consultative process prescribed under Rule 135EF of the National Gas Rules and was concluded on 31/01/2016.</p> <p>AEMO published the Notice of AEMO Decision on 27/02/2017 informing Participants of the decision to approve the removal of clause 9.1(c) from the NSW-ACT Retail Market Procedures. The amendment was effective from 05/04/2017.</p>	<p>market participants, the market as a whole, or end use customers.</p> <p>AEMO considers that the reporting obligation is redundant given AEMO provides the daily report 'ERFTForecastingDataRpt' that provides Users the required information, similar to information specified in clause 9.1(c) of the NSW-ACT Retail Market Procedures. In addition to that, AEMO's operational experience in this space reflects that participants utilise their own forecasting systems internally, instead of using the forecasting information that is published in this report by AEMO.</p>
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04/05/2017	NSW-ACT Gas Retail Market	AEMO	<p>Clause 1.3.2 of the NSW-ACT Retail Market Procedures</p>	<p><u>Description</u> On 04/05/2017, delivery of Gas Retail Market messages and transaction acknowledgements to NSW-ACT Gas Retail Market Participants was delayed. There were 752 Medium Priority transactions that had acknowledgement times greater than 4.5 hours. Refer to Participant Build Pack 3 section 2.6.2 for the definition of Medium Priority Transactions.</p> <p>This is a breach of clause 1.3.2 of the NSW-ACT Retail Market Procedures that through the Gas Interface Protocol Participant Build Pack 3 section 2.5 specifies Medium Priority transactions to be acknowledged within 270 minutes (i.e. 4.5 hours).</p> <p><u>Cause</u> There was an issue with the configuration of the firewall.</p> <p><u>Actions</u> On the day of the incident (04/05/2017) at 10.34am (AEST), AEMO sent a notification to the Participants informing them of the incident. AEMO implemented a workaround solution that restored normal processing of the transactions.</p> <p>AEMO investigated the incident on the firewall. The investigation was successful and the issue affecting the configuration of the firewall was fixed.</p>	<p>Immaterial AEMO's non-compliance with clause 1.3.2 of the NSW-ACT Retail Market Procedures on 04/05/2017 had no material impact on any other market participants, the market as a whole, or end use customers.</p> <p>All pending transactions were cleared at 3.35pm (AEST) on 04/05/2017. AEMO did not receive any queries nor incidents raised by the Participants due to this incident.</p>
09/05/2017	All Gas Retail Markets (NSW-ACT, QLD, VIC and SA)	AEMO	<ul style="list-style-type: none"> • Clause 1.3.4(d) of the NSW-ACT Retail Market Procedures • Clause 1.3.4(d) of the QLD 	<p><u>Description</u> On 09/05/2017, the Gas FRC Hub was down and unavailable between 10.19am (AEST) and 9.24pm (AEST).</p> <p>At 11.46am (AEST) on 09/05/2017, AEMO notified the Participants of the incident. Updates were sent to the Participants throughout the day. At 12.36pm on 10/05/2017, AEMO notified the</p>	<p>Immaterial AEMO's non-compliance with the NSW-ACT, QLD, VIC, SA and WA Retail Market Procedures on 09/05/2017 had no material impact on any other market participants, the market as a whole, or end use customers.</p>

			<p>Retail Market Procedures</p> <ul style="list-style-type: none"> • Clause 1.2.5(d) of the VIC Retail Market Procedures • Clause 14(1)(b) of the SA Retail Market Procedures 	<p>participants that the Gas FRC Hub was restored and back up and running. At 5.29pm (AEST) on 10/05/2017, further clarification was sent to the participants advising them to resend transactions where no transaction acknowledgement has been received.</p> <p>Transactions between Participants and Markets were delayed and queued until the Gas FRC Hub was restored. Gas meter transfers and associated requests were delayed and so Participants were required to utilise their pre-defined workarounds. There was no delay in the publication of the reports (for all jurisdictions).</p> <p>This is a breach of:</p> <ul style="list-style-type: none"> • Clause 1.3.4(d) of the NSW-ACT Retail Market Procedures, clause 1.3.4(d) of the QLD Retail Market Procedures, clause 1.2.5(d) of the VIC Retail Market Procedures and clause 14(1)(b) of the SA Retail Market Procedures which through the FRC HUB Operational Terms and Conditions section 3.3.3 specifies that AEMO will operate the FRC Hub with a Recovery Time Objective (RTO) of 4 hours. <p><u>Cause</u></p> <p>A technical change to apply new monitoring agent onto the active Gas FRC Hub server performed on 02/05/2017 triggered an event causing the server to become unresponsive. Coincidentally, the inactive Gas FRC Hub server also had the change applied a week later (on 09/05/2017) causing both active site outage and an unviable inactive site for service recovery.</p> <p><u>Actions</u></p> <p>AEMO conducted a thorough review of this incident and identified a number of</p>	<p>On 26/05/2017, AEMO requested Participants to provide their feedback advising of their impact on the FRC Hub outage on 09/05/2017. AEMO received feedback from APA, Alinta Energy and Origin. Feedback from APA and Alinta Energy related to the communications on the day – mainly around the communication mechanism. Origin indicated that there had been some operational impact to them – mainly due to the processing of the large backlog, manual workarounds for urgent gas orders during the outage and slight increase in internal exceptions which needed to be re-raised.</p> <p>Based on the all the information gathered, AEMO determined that the impact was minimal/immaterial.</p>
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