



AEMO GAS RETAIL MARKET COMPLIANCE QUARTERLY REPORT GAS RETAIL MARKET PROCEDURES

PREPARED BY: AEMO

Introduction

ROLE OF AEMO

For New South Wales (NSW) and Australian Capital Territory (ACT), South Australia (SA), Victoria (VIC) and Queensland (QLD) gas retail markets, 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 (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).

For Western Australia (WA) gas retail market, Chapter 6 of the WA Retail Market Procedures deals with Compliance and Interpretation and places a number of obligations on AEMO. AEMO's role under Chapter 6 of the WA Retail Market Procedures includes:

- To create a Compliance Panel and support that panel¹.
- To make determinations on whether to refer Procedure compliance and interpretation matters to the Compliance Panel.

The Compliance Panel makes all decisions under Chapter 6, except that it may delegate authority to AEMO to make determinations on whether a Procedure breach is material².

PURPOSE

This report includes immaterial breaches identified in the last quarter, i.e. between March and May 2019. Breaches that have a material impact on market participants, the market as a whole, or end use customers are reported separately.

For WA gas retail market, any breaches that are referred to the Economic Regulation Authority (ERA) or have material impact on any other market participants, the market as a whole, or end use customers are reported separately and are included as a line item in this report for completeness.

VERSION CONTROL

Version	Release date	Changes
1.0	25 June 2019	Initial version

¹ The Compliance Panel has established the "WA Gas Retail Market Compliance Panel Guidelines" to set out its governance and administrative arrangements, as required by clause 338 of the Procedures. The WA Gas Retail Market Compliance Panel Guidelines are available on the AEMO website (www.aemo.com.au), and should be read in conjunction with the WA Gas Retail Market Compliance Guidelines.

² Clause 343(3) of the WA Retail Market Procedures.

QUARTERLY REPORT – IMMATERIAL BREACHES

Date of breach	Market	AEMO/Market participant	Procedures and clause	Summary	Impact
20-22 February 2019	VIC and QLD	AEMO	1.2.4 and 4.2.1 of the VIC Retail Market Procedures (RMP), 1.3.3 and 4.2.1 of the QLD RMP	<p><u>Description</u></p> <p>Between 20 and 22 February 2019, 50% of all inbound and outbound transaction acknowledgement messages (approximately 20,000 transactions based upon trending information) were delayed for the VIC and QLD gas retail markets.</p> <p>On 22 February, monitoring alerts regarding a backlog of gas customer transfer transactions were raised. AEMO also received at least one enquiry raised by a participant relating to delayed transaction acknowledgements. AEMO investigated and identified the root cause of the issue.</p> <p>This is a breach of clause 1.2.4 of the VIC RMP and clause 1.3.3 of the QLD RMP. Clause 1.2.4 of the VIC RMP and 1.3.3 of the QLD RMP both reference that AEMO is bound by the Gas Interface Protocol in respect of the delivery of notices. The Gas Interface Protocol and section 2.5 of the Participant Build Pack 3 - FRC B2B System Specifications specifies that all medium priority transactions shall be acknowledged within 270 minutes.</p> <p>This is also a breach of clause 4.2.1 of the QLD RMP and VIC RMP which requires AEMO to deliver notice of the transfer request by midnight on the first business day following the day on which the transfer request was delivered.</p> <p><u>Cause</u></p> <p>This incident was caused by an error in a site transfer process of the Market Settlement and Transfer Solutions (MSATS) electricity business-to-business (B2B) hub site from QLD to NSW conducted</p>	<p>Immaterial</p> <p>AEMO's non-compliance with clause 1.2.4 and 4.2.1 of the VIC RMP, and clause 1.3.3 and 4.2.1 of the QLD RMP between 20/02/2019 and 22/02/2019 had no material impact on any other market participants, the market as a whole, or end use customers.</p> <p>This incident had some operational impact on participants due to the processing of the delayed processing and resubmission of transactions. The impact was minimal and immaterial.</p>

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				<p>on 20 February. Maintenance is required on the gas system during electricity site transfer because common hardware is used between each system. The transfer process required the shutdown of communication points used in the QLD Enterprise Services Bus (ESB) and the configuration of communication points in the NSW ESB. The setup of the ESB communication points were incorrectly configured, which stopped inbound and outbound messages being moved correctly between AEMO's internal gas data servers and the external gas data gateway.</p> <p><u>Actions</u></p> <p>On 22 February, AEMO shut down the incorrectly configured communication points and started the correct communication points at 2.30PM AEDT. The backlog of transactions was monitored until the queue were cleared and the incident was deemed to be resolved. Participants were notified of the issue resolution via a market notice at 5.18PM AEDT.</p> <p>AEMO updated the site transfer documentation to ensure that the setup of the ESB communication points are configured correctly in the future site transfer process.</p> <p>AEMO will investigate why the monitoring tool did not detect the incorrect communication points configuration to ensure this error would be detected in future.</p>	
01 January 2018-02 April 2019	WA	Wesfarmers Kleenheat Gas Pty Ltd (Kleenheat)	55A, 72(1), 79(1), 166A and 349 of the WA RMP	<p><u>Description</u></p> <p>Kleenheat was made aware in the course of its 2018 EIC Audit that, for the period between 01 January 2018 and 02 April 2019, it failed to obtain explicit informed consents (EICs) from new customers that</p>	<p>Immaterial</p> <p>On 14 May 2019, AEMO requested participants to provide their feedback on this breach by 28 May 2019.</p>

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				<p>signed up to Kleenheat via an online platform operated by one of its third party gas marketing agents (the marketing agent).</p> <p>This has resulted in breaches of clauses 55A, 72(1), 79(1), 166A and 349 of the WA RMP by Kleenheat.</p> <p>Less than 1% of Kleenheat’s new customer EICs during the relevant period were impacted. Kleenheat did not receive any customer complaints in relation to these breaches and Kleenheat believes that there was no adverse impact on other market participants or customers as a result of these breaches.</p> <p><u>Cause</u></p> <p>The wording of the customer sign-up transcript displayed on the marketing agent’s online platform was insufficient to meet the requirements for EIC under the clauses contained in the WA RMP. The transcript did not match the customer sign-up transcript that Kleenheat originally provided to the marketing agent and the marketing agent was unable to advise Kleenheat when these changes were made, despite investigations by both companies.</p> <p><u>Actions</u></p> <p>As soon as Kleenheat became aware of the breaches detailed above, it took immediate actions to investigate and resolve the issue.</p> <p>The online platform now reflects Kleenheat’s revised customer sign-up transcript.</p> <p>Kleenheat has reviewed and will strengthen its preventative controls as follows:</p> <ul style="list-style-type: none"> • Introduction of periodic audits of Kleenheat’s sign-up process for all of Kleenheat’s third party gas marketing agents. 	<p>AEMO received feedback from AGL and Simply Energy confirming no further comment to add.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>

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				<ul style="list-style-type: none"> Introduction of stringent requirements, within its arrangements with third party gas marketing agents, for obtaining EICs from customers and any changes made to Kleenheat's customer sign-up transcripts on any online platform. 	
04 January 2019	WA	Alinta Sales Pty Ltd (Alinta Energy)	166A of the WA RMP	<p><u>Description</u></p> <p>The negative assurance audit as per clause 350(2) of the WA RMP for calendar year 2018 revealed Alinta Energy was in breach of clause 166A on 04 January 2018.</p> <p>There was one instance related to a request for historical metering data lodged on 04 January for a customer where explicit informed consent (EIC) specific to Alinta Energy's request for historical metering data was not obtained.</p> <p>This is a breach of clause 166A of the WA RMP by Alinta Energy.</p> <p>Alinta Energy believes that there was no adverse impact on other market participants or customers.</p> <p><u>Cause</u></p> <p>Alinta Energy attributed this incident to human error.</p> <p><u>Actions</u></p> <p>Alinta Energy has reminded its business sales representatives of the requirement to follow internal processes to obtain EIC prior to lodging requests for historical metering data to avoid such reoccurrence.</p>	<p>Immaterial</p> <p>On 10 May 2019, AEMO requested participants to provide their feedback on this breach by 24 May 2019.</p> <p>AEMO received feedback from AGL and Simply Energy confirming no further comment to add.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>
09 April-28 May 2018	WA	Alinta Energy	349 of the WA RMP	<p><u>Description</u></p>	Immaterial

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				<p>The negative assurance audit as per clause 350(2) of the WA RMP for calendar year 2018 revealed Alinta Energy was in breach of clause 349 between 09 April 2018 and 28 May 2018.</p> <p>Alinta Energy's process for signing up new customers at its shopping centre kiosks requires the relevant electronic application form to be fully completed, including acknowledgement by the customer that EIC had been provided, prior to the form being submitted. However, between 09 April and 28 May, the summary email generated by Alinta Energy's system as the record of the transfer request did not include a record of confirmation that the EIC had been provided by the customer. As a result, Alinta Energy had not created a record of each EIC received in a form readily capable of examination.</p> <p>Alinta Energy is not aware of any complaints received from customers who signed up at the shopping centre kiosks during the period.</p> <p>This is a breach of clause 349 of the WA RMP by Alinta Energy.</p> <p>Alinta Energy believes that there was no adverse impact on other market participants or customers.</p> <p><u>Cause</u></p> <p>Alinta Energy attributed this incident to a system issue that the record of a transfer request did not include a record of confirmation that the EIC had been provided by the customer.</p> <p><u>Actions</u></p> <p>After 28 May, the summary email generated included a record of the EIC in a form that could be readily capable of examination.</p>	<p>On 10 May 2019, AEMO requested participants to provide their feedback on this breach by 24 May 2019.</p> <p>AEMO received feedback from AGL and Simply Energy confirming no further comment to add.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>

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18 May 2019	WA	AEMO	98(d) and 100(2) of the WA RMP	<p><u>Description</u></p> <p>On 18 May 2019, 75 transfer confirmation notification (TFR-CONF-NOTIF) transactions breached the transaction acknowledgement time of 270 minutes for medium priority transactions by 30 minutes. This is a breach of clauses 98(d) and 100(2)(d) of the WA RMP.</p> <p>As per clause 98(d) of the WA RMP – AEMO must immediately notify the incoming user, the current user and the network operator that a move in transfer request is pending.</p> <p>As per clause 100(2)(d) of the WA RMP – AEMO must immediately notify the incoming user, the current user and the network operator that the requested transfer (other than a move in transfer request) is pending.</p> <p>The definition of ‘immediately’ references clause 11(1) of the WA RMP. Clause 11(1)(a) of the WA RMP references section 2.5 of the “FRC B2M-B2B Hub System Specifications” which specifies that all medium priority transactions shall be acknowledged within 270 minutes.</p> <p>The message processing issue experienced on 18 May occurred on 19 and 20 May. TFR-CONF-NOTIF transactions were acknowledged within the required timeframe on 19 and 20 May.</p> <p><u>Cause</u></p> <p>The incident occurred as the database connection pool used by the application that processes aseXML transactions (webMethods) experienced connection pool exhaustion issues which resulted in outgoing messages not being processed.</p> <p><u>Actions</u></p>	<p>Immaterial</p> <p>On 27 May 2019, AEMO requested participants to provide their feedback on this breach by 10 June 2019.</p> <p>AEMO received feedback from AGL and Origin Energy confirming there was no material impact.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>

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				<p>On 18 and 19 May, AEMO restarted the webMethods application which temporarily resolved the message processing issue. On 20 May 12.15PM AEST, AEMO performed a full restart of the webMethods application and database which fully resolved the message processing issue. Incoming and outgoing transactions were processed normally after the restart. Market notifications were sent out to the WA participants notifying them of the message processing issue on the day.</p> <p>AEMO has updated its support procedures to indicate that a full webMethods database and application restart must be carried out if such incident occurs again. AEMO will continue to monitor the performance of the webMethods application and database.</p>	
August 2018-May 2019	WA	Simply Energy	78, 81(2) and 81(3) of the WA RMP	<p><u>Description</u></p> <p>Between August 2018 and May 2019, Simply Energy had raised move in transfer requests to transfer customers that were currently occupying the property (i.e. not moving into the property) on a number of occasions between August 2018 and April 2019.</p> <p>This is a breach of clauses 78, 81(2) and 81(3) of the WA RMP relating to lodging a transfer request that is specified to be a move in when it does not meet the definition of a move in as per clause 78 of the WA RMP.</p> <p>Simply Energy has identified 23 customers being transferred as move in customers rather than as in-situ customers. For all the customers transferred to Simply Energy incorrectly as move in customers, Simply Energy had obtained the customer's explicit informed consent before lodging the transfer requests.</p> <p><u>Cause</u></p>	<p>Immaterial</p> <p>On 31 May 2019, AEMO requested participants to provide their feedback on this breach by 14 June 2019.</p> <p>AEMO received feedback from Alinta Energy and Kleenheat. This incident had an impact on their systems, processes and resources, notably:</p> <ul style="list-style-type: none"> • Strain on B2B systems due to multiple transfer requests being raised and cancelled.

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				<p>This incident was caused by Simply Energy’s operational staff raising move in transfer requests in an attempt to correct the failed initial in-situ transfer requests due to missing actual meter read. Simply Energy had only raised move in transfer requests incorrectly when attempting to rectify the failed in-situ transfer requests.</p> <p><u>Actions</u></p> <p>Simply Energy reiterated and emphasised to all their operational staff that move in transfer requests can only be raised in the appropriate circumstances (i.e. when it meets the definition of a move in as per clause 78 of the WA RMP) and is monitoring its performance. Simply Energy has also reviewed and made some enhancements to their process.</p> <p>Simply Energy is exploring process improvements and the potential for a proposed change to the WA RMP to allow actual meter read received prior to the proposed transfer date to be used for situ transfer requests.</p>	<ul style="list-style-type: none"> • Increased workload for the operations team related to handling multiple transfer requests. • Additional calls from customers querying the status of their transfer requests and seeking clarification regarding which retailer they were being supplied by. • Potential impact to the competition in the market as a result of transferring customers in contravention of the WA RMP. <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material. AEMO is going to monitor move-in transfer requests raised by Simply Energy for the next three months to ensure that transfer requests</p>

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					are raised in accordance with the WA RMP.
25-28 May 2019	WA	Wesfarmers Kleenheat Gas Pty Ltd (Kleenheat)	178, 181 and 197 of the WA RMP	<p><u>Description</u></p> <p>High swing service volumes were detected for gas days 25-28 May 2019 on the North metro sub-network (1106). AEMO has investigated this matter and found that Kleenheat’s user allocation instruction (UAI) was lower than their user pipeline nomination amounts (UPNA) for those gas days. This contributed to the swing service of:</p> <ul style="list-style-type: none"> • 800 GJ for gas day Saturday 25 May • 1.07 TJ for gas day Sunday 26 May • 1.6 TJ for gas day Monday 27 May • 1.87 TJ for gas day Tuesday 28 May <p>The daily swing service volume exceeded the tolerance band of the North metro sub-network for gas days 27 and 28 May.</p> <p>This is a breach of clauses 178, 181 and 197 of the WA RMP relating to a user minimising its contribution to swing service.</p> <p><u>Cause</u></p> <p>This incident was caused by a problem with the UPNA calculation algorithm in Kleenheat’s Portfolio Management and Trading Optimisation file (the file).</p> <p>An initial problem resulting from the file reaching the end of the financial year 2019 was discovered by a duty trader on 25 May through the rejection of the UPNA and UAI files by WA gas retail market system (GRMS). A temporary resolution of this problem was</p>	<p>Immaterial</p> <p>On 05 June 2019, AEMO requested participants to provide their feedback on this breach by 19 June 2019.</p> <p>AEMO received feedback from Alinta Energy confirming there was no significant impact.</p> <p>After having regard to the other matters in clause 329(1) of the WA RMP, AEMO has determined that the breach was not material and resolved. AEMO to take no further action in relation to this matter.</p>

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				<p>found on the day with further instructions to check the sustainability of the solution on the upcoming business days. Further investigation revealed a problem with the UPNA calculation algorithm in the file.</p> <p><u>Actions</u></p> <p>The problem with the UPNA calculation algorithm was resolved on Wednesday 29 May. Kleenheat uploaded both the UPNA and UAI files to WA GRMS after the correction was made to the file. This correction has been carried into the new file for financial year 2020.</p> <p>Kleenheat reviewed and implemented additional checks and controls for the UPNA calculations, similar to the checks and controls currently in place for the UAI calculations.</p>	
29 May 2019	NSW- ACT	AEMO	1.3.2 of the NSW-ACT RMP	<p><u>Description</u></p> <p>On 29 May 2019, 9 medium priority transaction acknowledgements breached the transaction acknowledgement time of 270 minutes for medium priority transactions by up to 2 hours and 30 minutes.</p> <p>This is a breach of clause 1.3.2 of the NSW-ACT RMP. Clause 1.3.2 of the NSW-ACT RMP references that AEMO is bound by the Gas Interface Protocol in respect of the delivery of notices. The Gas Interface Protocol and section 2.5 of the Participant Build Pack 3 - FRC B2B System Specifications specifies that all medium priority transactions shall be acknowledged within 270 minutes.</p> <p><u>Cause</u></p> <p>AEMO had been working on improving the performance of the STTM network allocation daily (NAD) file. Changes had been tested in a test environment and was deployed to the gas retail market system (GRMS) on 28 May 2019. On 29 May, the STTM NAD file was</p>	<p>Immaterial</p> <p>AEMO's non-compliance with clause 1.3.2 of the NSW-ACT RMP on 29 May 2019 had no material impact on any other market participants, the market as a whole, or end use customers.</p>

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				<p>delivered at 10.30AM AEST as per normal. At 2.05PM, AEMO identified that the STTM NAU file process had not started and a number of jobs were waiting on the queue due to the aggregation process for the reconciliation reports was in progress. This process usually completes in 10 minutes but had been running for a number of hours. This caused the late delivery of the 9 medium priority transaction acknowledgements.</p> <p>AEMO does not believe that the changes deployed to the production environment on 28 May contributed to the performance issue on 29 May. The changes have not been removed from the production environment and system performance resumed normal on 30 May and on subsequent days.</p> <p><u>Actions</u></p> <p>On 29 May 2.30PM, AEMO restarted the application and database servers and re-triggered the aggregation process. Normal processing resumed after the restart.</p> <p>AEMO attempted to replicate the performance issue in a test environment but was unsuccessful (i.e. could not replicate the issue in the test environment).</p> <p>AEMO created a checklist for gas day processes that will be used to mark off the start and end time of each process on the day after a change has been made to gas retail market business system (GRMBS).</p>	