

AEMO COMPLIANCE DECISION: GAS RETAIL MARKET PROCEDURES

PREPARED BY: Markets

VERSION: 1.0

RELEASE DATE: 30 May 2016

Introduction

Role of AEMO

Section 91MB(3) of the National Gas Law 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.

Summary

The new NSW and ACT retail market arrangements (NARGP) went live on Monday 2 May 2016. AEMO closely monitored the Business-to-Market (B2M) interaction post NARGP to ensure files and reports were received and processed. The monitoring revealed that files and reports were received and processed without issue. However, the monitoring did reveal that there were five occasions where AEMO, Jemena Gas Networks (Jemena) and ActewAGL Distribution (ActewAGL) were late in delivering files and reports. This caused a number of non-compliances with the NSW and ACT Retail Market Procedures version 15.0 (Procedures).

In accordance with section 91MB(3) of the National Gas Law, AEMO has investigated the matter and reached a decision that the breach is not material, as the incident has not affected any other market participants, the market as a whole, or end use customers.

This decision is published in accordance with section 91MB(8)(a) of the National Gas Law.

Circumstances of Apparent Breach

Background

The late delivery of files and reports on 2 May 2016 and 3 May 2016 occurred at the time of a major system and process transformation (due to NARGP). AEMO's monitoring did not identify any delays on subsequent days in relation to the provisions of the Procedures noted below relevant to the breaches or any other provisions of the Procedures.

Below provides a summary of the breaches by AEMO:

1. On 2 May 2016, publication of the daily heating values by AEMO was delayed by 5 hours and 7 minutes. This is a breach of clause 3.6.1(c) of the Procedures.
2. On 3 May 2016, provision of the total estimated withdrawal from AEMO to the Network Operator was delayed by 27 minutes. This is a breach of clause 8.12.2(a) of the Procedures.
3. On 3 May 2016, provision of the Short Term Trading Market (STTM) distribution system allocation from AEMO to the Network Operator was delayed by 29 minutes. This is a breach of clause 8.12.1(a) of the Procedures.

Clause 3.6.1(c)

Clause 3.6.1(c) of the Procedures states:

3.6.1 Heating Values

(c) AEMO must use reasonable endeavours to *publish* the daily *heating values* for the *gas day* by 5.00 pm on the next day.

Clause 8.12.2(a)

Clause 8.12.2(a) of the Procedures states:

8.12.2 AEMO to Notify Network Operator

(a) By 11.00 am on *gas day +1*, AEMO must notify the *Network Operator* for the relevant *network section* of the *total estimated withdrawal* for each *User* in that *network section* for the *gas day*.

Clause 8.12.1(a)

Clause 8.12.1(a) of the Procedures states:

8.12.1 AEMO to Notify User

(a) By 11.00 am on *gas day +1*, AEMO must notify each *User* in a *network section* of the following information for that *network section* for the *gas day*:

- (i) the *User's STTM distribution system allocation*;
- (ii) each component of the *User's STTM distribution system allocation*;
- (iii) the *User's apportionment percentage*; and
- (iv) *metering data* for all *daily metered delivery points* for which the *User* is responsible.

AEMO believes a breach of clauses 3.6.1(c), 8.12.2(a) and 8.12.1(a) of the Procedures occurred on 2 May 2016 and 3 May 2016 by AEMO.

Below provides a summary of the breaches by Jemena:

1. On 2 May 2016, provision of the total quantity of gas injected, linepack and unaccounted for gas data from the Network Operator to AEMO was delayed by 6 minutes. This is a breach of clause 8.11.1(a) of the Procedures.
2. On 2 May 2016, provision of daily heating values from the Network Operator to AEMO was delayed by 6 hours and 16 minutes. This is a breach of clause 3.6.1(b) of the Procedures.
3. On 3 May 2016, provision of consumed energy data for daily metered delivery points on non-STTM network section from Network Operator to AEMO was delayed by 51 minutes. This is a breach of clause 3.6.6(c) of the Procedures.

Clause 8.11.1(a)

Clause 8.11.1(a) of the Procedures states:

8.11.1 Network Operator to Provide Data to AEMO

(a) The *Network Operator* must use reasonable endeavours to provide the following data for each *network section* for a *gas day* to AEMO by 9.30 am on *gas day + 1*:

- (i) the total quantity of gas injected (in *MJ*) at all *network receipt points* within the *network section* (TDQ);
- (ii) each *User's SUAG*;
- (iii) each *User's* share of change in linepack (in *MJ*) for the *network section* for the *gas day* (CLP), based on the relevant *applicable access arrangement* provision; and
- (iv) each matched allocation quantity, together with:
 - (A) the *Network section ID* of the *network section* for which the matched allocation quantity applies; and
 - (B) the *Participant IDs* of any *Participants* who are parties to the *registered matched allocation agreement* in accordance with which the matched allocation quantity is allocated.

Clause 3.6.1(b)

Clause 3.6.1(b) of the Procedures states:

3.6.1 Heating Values

(b) The *Network Operator* must use reasonable endeavours to provide the applicable daily *heating values* to AEMO for a *gas day* by 1.30 pm on the next day.

Clause 3.6.6(c)

Clause 3.6.6(c) of the Procedures states:

3.6.6 Provision of Energy Data to AEMO

(c) In respect of *daily metered delivery points*, the *Network Operator* must:

- (i) if the *delivery point* is on an *STTM network section*, use reasonable endeavours to provide the data specified in paragraph (b) by 9.30 am on the day of the *meter read*; or
- (ii) otherwise, provide that data by 12.00 noon on the day of the *meter read*.

AEMO believes a breach of clauses 8.11.1(a), 3.6.1(b) and 3.6.6(c) of the Procedures occurred on 2 May 2016 and 3 May 2016 by Jemena.

Below provides a summary of the breaches by ActewAGL:

1. On 3 May 2016, provision of consumed energy data for daily metered delivery points on non-STTM network section from Network Operator to AEMO was delayed by 48 minutes. This is a breach of clause 3.6.6(c) of the Procedures.

Clause 3.6.6(c)

Clause 3.6.6(c) of the Procedures states:

3.6.6 Provision of Energy Data to AEMO

(c) In respect of *daily metered delivery points*, the *Network Operator* must:

- (i) if the *delivery point* is on an *STTM network section*, use reasonable endeavours to provide the data specified in paragraph (b) by 9.30 am on the day of the *meter read*; or
- (ii) otherwise, provide that data by 12.00 noon on the day of the *meter read*.

AEMO believes a breach of clause 3.6.6(c) of the Procedures occurred on 3 May 2016 by ActewAGL.

AEMO Decision: Apparent Breach is Not Material

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 NGR.

Materiality

Criterion 1: Financial impact

There is no financial impact on any market participant because of the breach.

Criterion 2 and 3: System and operational impact

There is no system and operational impact as a result of the breach.

Criterion 4: Any other factors

The breaches occurred at the time of a major change to systems and processes (NARGP) and are therefore considered transitional issues rather than systemic or deliberate breaches.

Decision

AEMO's failure to comply with clauses 3.6.1(c), 8.12.2(a) and 8.12.1(a) of the Procedures on 2 May 2016 and 3 May 2016 has had no material impact on any other market participants, the market as a whole, or end use customers.

Jemena's failure to comply with clauses 8.11.1(a), 3.6.1(b) and 3.6.6(c) of the Procedures on 2 May 2016 and 3 May 2016 has had no material impact on any other market participants, the market as a whole, or end use customers.

ActewAGL's failure to comply with clauses 3.6.6(c) of the Procedures on 3 May 2016 has had no material impact on any other market participants, the market as a whole, or end use customers.

ATTACHMENT A: AEMO COMPLIANCE PROCESS

Criteria AEMO will use in considering whether

- i. An incident is material; and**
- ii. If the incident is material whether it should be referred to AER.**

Criteria to consider in assessing materiality of apparent breach

The following criteria will be used by AEMO in determining whether an apparent breach is material in nature:

1. Whether or not the apparent breach is likely to cause significant financial impact on either of the following:
 - a. Market Participants;
 - b. AEMO, including the Gas Retail Market Business System;
 - c. End use customers;
 - d. AEMO stakeholders.

2. Whether or not the apparent breach is likely to cause significant market system impact on either of the following:
 - a. Market Participants;
 - b. AEMO; including the Gas Retail Market Business System;
 - c. AEMO stakeholders.

3. Whether or not the apparent breach is likely to use significant operational impact on either of the following:
 - a. Market Participants;
 - b. AEMO; including the Gas Retail Market Business System;
 - c. End use customers;
 - d. AEMO stakeholders.

4. Any other factors considered relevant by AEMO.

Criteria to consider in referring a material apparent breach to AER

The checklist is the process AEMO will use to determine whether an apparent breach, if considered material, should be referred to the AER.

In determining whether or not a material apparent breach warrants referral to the AER, AEMO may have regard to the following matters:

1. Whether the complaint is frivolous or vexatious.
2. Whether the apparent breach has resulted in any costs being borne by AEMO (and therefore the market as a whole).
3. Whether or not the apparent breach appears to have arisen as a result of problems with the design/operation of the Procedures.
4. Whether the apparent breach by a Market Participant was caused by the conduct of AEMO.
5. Whether the apparent breach is an isolated event, or indicates a systemic problem with compliance.
6. Whether the apparent breach appears to have been made intentionally or maliciously.
7. Whether remedial action was taken by the Market Participant following discovery of the breach.
8. Whether the apparent breach has a potential anti-competitive effect.
9. Any other matters considered relevant by the AEMO.

ATTACHMENT B: National Gas Law

(From *National Gas (South Australia) Act 2008* – note individuals are responsible for using the latest version of the Procedures/legislation)

91MB—Compliance with Retail Market Procedures

- (1) AEMO and each person to whom the Retail Market Procedures are applicable must comply with the Procedures.
- (2) However, if there is an inconsistency between an applicable access arrangement and the Retail Market Procedures, a person is, to the extent of the inconsistency, not required to comply with the Procedures.
- (3) If AEMO has reasonable grounds to suspect a breach of the Retail Market Procedures, it must, after making such inquiries and investigation as it considers appropriate, make a decision as to whether the breach is a material breach.
- (4) If AEMO decides the breach is material, AEMO—
 - (a) must publish the decision and the reasons for it on its website; and
 - (b) may direct the person suspected of the breach to rectify it or to take specified measures to ensure future compliance (or both); and
 - (c) may refer the breach to the AER.
- (5) A direction by AEMO under subsection (4)(b) must—
 - (a) specify the breach; and
 - (b) specify the date by which the direction is to be complied with; and
 - (c) be addressed to, and given to, the person suspected of the breach.
- (6) A person to whom a direction is given under subsection (4)(b) must comply with the direction.
- (7) AEMO must give a copy of its decision under subsection (3), its reasons for the decision and (if relevant) any direction under subsection (4)(b) to the AER.
- (8) If AEMO decides the breach is not material, AEMO must—
 - (a) publish the decision and the reasons for it on its website; and
 - (b) give a copy of the decision and the reasons for it to the AER.

Note—

AEMO may provide the AER with relevant information (including protected information) related to a suspected breach of the Procedures. (For disclosure of protected information, see section 91GC(2)(b)).