



## Retail Energy Market Company

### Apparent breach of Rule 255 of the Retail Market Rules by APA on gas day 17/03/16

#### Overview:

In the week on 14/03/16 APA, the Pipeline Operator for the Parmelia Pipeline (APA), notified REMCo that they would commence flowing gas on the newly commissioned interconnection between the Parmelia Pipeline and the South-Metro sub-network (1107P) on 17/03/16. Two Users made nominations and allocations for gas on 1107P on 17/03/16, and so these two Users were assigned User Deemed Withdrawal ("UDW") values for the gas day for the Parmelia Pipeline.

However, APA experienced problems with commissioning 1107P on 17/03/16, and so gas did not flow on 1107P. As REMCo was not aware of the commissioning issues, all market processes and calculations continued as usual.

Rule 255 of the Retail Market Rules (the "Rules") requires Pipeline Operators to provide REMCo with notification if they are not able to inject gas in accordance with Users' nominations. Rule 255 is as follows:

#### **255 Pipeline operator to inform of special circumstances**

- (1) If the *pipeline operator* of a *pipeline* is aware of anything which prevented gas deliveries through the *gate point* on the *pipeline* being made in accordance with a *shipper's* request for *injections* or *swing service provider's* request for *repayment* (as applicable) under its *transmission contract* on a *gas day*, in a manner that may have contributed materially to *swing service*, then it must, as soon as practicable, give *REMC* a description of the cause and circumstances of that prevention, and the manner in which *injections* or *repayments* (as applicable) were affected.
- (2) REMCo must, within 1 hour after receiving information under rule 255(1), *promptly* provide the information to each *user* which gave an *allocation instruction* allocating gas to a *shipper* in the *pipeline* for the *gas day*, and each *shipper* named in each such *allocation instruction*.

REMC did not receive a notice from APA about the commissioning issues until 20/03/16, 3 days after the incident, after REMCo first made contact with APA regarding the lack of gas flow on 1107P. This failure of APA to provide notification to REMCo is an apparent breach of Rule 255.

#### Impact:

The Users nominated 700,002 MJ for 1107P on gas day 17/03/16, and with the Pipeline Injections on 1107P being 0 MJ, this resulted in 700,002 MJ of Swing Service for the Metro-South sub-network. Swing Repayment Quantities ("SRQs") were calculated for all Users on the Metro-South sub-network for gas day 17/03/16 to be repaid on gas day 19/03/16. The two Users using 1107P removed any nominations and allocations for gas day 18/03/16 and future days, which prevented any further increases in Swing Service on the Metro-South sub-network.

However, as there was no gas flow on 1107P, Users were not able to repay their SRQs from gas day 17/03/16 on gas day 19/03/16, which led to another 700,004 MJ of Swing Service for the Metro-South sub-network on gas day 19/02/16. This problem recurred on gas 21/03/16, leading to a third Swing Service calculation of 700,004 MJ.

**Resolution:**

REMCo tested a proposed resolution to this problem, and provided reports outlining the proposed solution to the affected participants (i.e. Alinta Energy, APT Facilities Management, Kleenheat Gas, Perth Energy and Synergy) on 23/03/16. The pipeline injection was updated in GRMS, as per the proposed solution, on 24/03/2016. The calculations completed for gas day 23/03/16 and the Swing Service for 1107 returned to normal.

REMCo implement the proposed solution to modify the pipeline injection in Gas Retail Market System ("GRMS") on 24/03/16 for gas day 23/03/16, which returned the Swing Service for the Metro-South sub-network to zero.

**Proposed Further Actions:**

APA to inform REMCo in advance when they will commence flowing gas on 1107P, and REMCo will advise the market.

**Invitation for submissions:**

Before determining whether any further action is required, REMCo invites written submissions from participants as to:

- the effect that this incident has on their operations, and
- their view with regard to the determination, if any, REMCo should make under Rule 329 in respect of the apparent Rule breaches.

Submissions are requested by no later than 5pm (AEST) **Monday 22 April 2016**. Submissions should be sent by e-mail to [remco\\_administration@aemo.com.au](mailto:remco_administration@aemo.com.au).

Alternatively, submissions can be sent by post to REMCo at:

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If you have any questions regarding this matter, please contact Dale Martin on (03) 9609 8846.

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