

PROPOSED PROCEDURE CHANGE (PPC) – SUMMARY SECTION
(For Proponent or AEMO to complete. Template focuses on solution identification)

Issue Number	IN034/12		
Impacted Jurisdiction(s)	NSW and ACT		
Proponent	Aleks Smits	Company	AEMO
Proponent e-mail	aleks.smits@aemo.com.au	Proponent phone	03 9609 8312
Affected Gas Market(s) <ul style="list-style-type: none"> ▪ Retail ▪ Wholesale ▪ Bulletin Board ▪ STTM 	Retail (NSW and ACT)	Date proposal sent to AEMO	11 Dec 2012
Short Title	Relaxation of DSA Delivery Requirements		
Other key contact information	grcf@aemo.com.au		

PROPOSED PROCEDURE CHANGE (PPC) – DETAILED REPORT SECTION

<p>1. Description of change(s) and reasons for change(s)</p>	<p>PwC, as part of its role as the market auditor, undertook an audit of AEMO’s internal control procedures in relation to compliance with the Retail Market Procedures (NSW and ACT) (Procedures) for the year ending 30 June 2012. As a result of sample tests within the audit, PwC released a finding that identified an issue with the delivery of certain distribution system allocation (DSA) reports.</p> <p>These reports are required to be generated by the data estimation entity (AEMO/Logica) under clause 33.15(1) of the Procedures.</p> <p>Due to a buffer between the time specified to deliver these reports under the Procedures and when the preliminary STTM settlement is performed, there has not been any impact as a result of the late delivery of the DSA reports. As such, the current delivery of reports (although late by Procedural requirements), does not impact settlement calculations.</p> <p>AEMO suggests that the specified time for the delivery of this report should be relaxed from the current four days after month end to six days after month end. The relaxation of this timing by two days would not impact settlement calculations. The DSA reports would continue to be generated under the same business rules and timings, but these outcomes would then be compliant with the proposed Procedures.</p>
<p>2. Reference documentation</p> <ul style="list-style-type: none"> ▪ Procedure Reference ▪ GIP/Specification Pack Reference ▪ Other Reference 	<p>Retail Market Procedures (NSW & ACT) (Procedures)</p>
<p>3. The high level details of the change to the existing Procedures</p>	<p>Clause 33.15(1) and (2) of the Procedures define the timeline for STTM DSA reports to be delivered to market participants. As per the Procedures, monthly DSA recalculations must be sent to participants in accordance with the following timelines:</p> <ul style="list-style-type: none"> • On the gas day which begins on the fourth business day after the end of a month (M+4); • On the gas day which begins on the fifteenth business day after the end of a month (M+15); and • On the last business day of the ninth month after month M (M+9 months). <p>The DSA report provides the daily calculations and recalculations for the quantity of gas withdrawn from each network section by each user. Currently, there are STTM system processing delays</p>

	<p>that impact on the ability for Logica to receive the DSA report that is required to be delivered on the fourth day after the end of the month (M+4). AEMO receives the facility allocation data four days prior to settlements from market participants, and then publishes this information on the Market Information System (MIS). Due to the timeframe in which AEMO receives the information, it is not possible for it to be passed to the Logica system to meet required publication timelines as specified in the obligations.</p> <p>AEMO uses the updated DSA reports for settlement purposes. As per the settlements calendar, there is a buffer between the publication of DSA reports and when the preliminary STTM settlement is performed. As such, the current delivery of reports (although late by Procedural requirements), do not impact on the ability to perform the settlement calculations.</p> <p>To ensure ongoing compliance with clause 35.15(1) of the RMPs it is proposed that the DSA report currently delivered on D+4 now be required by D+6 after the end of the month. As discussed above this will not impact on systems or AEMO's ability to use the information as required.</p>
4. Consequences for making or not making the change(s)	<p>The consequences of not implementing a new timing for the delivery of the DSA reports is that Logica (AEMO) will continue to have the potential to be non-compliant with clause 35.15(1) of the Procedures.</p> <p>There are no other consequences of this change.</p>
5. Explanation regarding the order of magnitude of the change(s) (eg: material, non-material or non-substantial)	<p>No material changes to any systems or processes. The proposed procedure will align the current system operation with Procedural requirements.</p>
6. Likely benefits for industry as a whole	<p>There are no significant benefits for the industry as a whole. The change maintains the integrity of the Procedures and the compliance of the market operator with its Procedural obligations, which cannot be currently met under the existing regulatory framework.</p> <p>There is a reputational benefit for AEMO as it will be able to remove a current published ongoing non-compliance note in its bi-annual audit report.</p>
7. The likely implementation effect of the proposal on Industry in general and/or any identified parties (e.g. end-users)	<p>Nil. No material changes to any systems or processes. The proposed procedure will align the current operation with Procedural requirements.</p>
8. Testing requirements	<p>N/A</p>

<p>9. Supporting Documentation</p> <p>(attach if necessary)</p>	<p>See change-marked Retail Market Procedures (NSW & ACT) (Attachment A)</p>
<p>10. If applicable, a proposed effective date for the proposed changed Procedures to take effect and justification for that timeline.</p>	<p>AEMO suggests that as this change is minor, it can be implemented with the next version of the Procedures. AEMO recommends that the GRCF-NA consider an implementation alongside the approved decision for IN016/11. As such, the consultation timelines to achieve this are as follows:</p> <ul style="list-style-type: none"> • PPC released on 20 December 2012 • PPC will close on 14 January 2013 • IIR will be released on 15 January 2013 • IIR will close on 6 February 2013 <p>Expected date of implementation: With IN016/11 at end of Q1 2013.</p>

**ATTACHMENT A –
PROPOSED RETAIL MARKET PROCEDURE (NSW/ ACT) CHANGES**
Blue represents additions Red and strikeout represents deletions – Marked up changes

33.15 STTM distribution system allocation – monthly recalculations

- (1) On the *gas day* which begins on:
- (a) the ~~fourth~~sixth *business day* after the end of a month; and
 - (b) the fifteenth *business day* after the end of a month,

The *data estimation entity* must recalculate each *user's STTM distribution system allocation*, and each component of the *user's STTM distributions system allocation*, for a *network section* for each *gas day* in the month.

- (2) On the last *business day* of the ninth month after month M, the *data estimation entity* must recalculate each *user's STTM distribution system allocation*, and each component of the *user's STTM distributions system allocation*, for a *network section* for each *gas day* in the month