# **Australian Energy Market Operator**

# **Apparent breach of Retail Market Procedures (WA) 178, 181, 189 and 197 by Alinta Energy on gas day 19/09/16 and 22/09/2016**

**Overview:**

High Swing Service volumes were detected for gas days 19/09/16 and 22/09/2016. AEMO has investigated this matter and found that:

* On 18/09/2016, Alinta Energy put in a users’ pipeline nomination amount (“UPNA”) on the Parmelia Pipeline for the South Metro sub-network (1107) of 9.7TJ for gas day 19/09/16. This was then revised at midday on 19/09/16 (i.e. during the gas day) to 5.9TJ. This resulted in a high Pipeline Injection (“PI”) which caused a 3.7TJ Swing Service spike on 1107.
* For gas day 22/09/16, Alinta Energy did not include the Swing Service Repayment Quantity (“SRQ”) in their UPNA, which contributed to the Swing Service Spike on 1107 for gas day 22/09/16.

These inputs have resulted in Swing Service Spikes on 1107 and appear to be a breach of the following clauses from Chapter 5 of the Retail Market Procedures WA (the “Procedures”) by Alinta Energy:

* 181 and 197 on gas days 19/09/16 and 22/09/16; and
* 178, 189 on gas day 19/09/2016.

Clauses 178, 197, 189 and 181 from Chapter 5 of the Procedures read as follows:

178. User to procure injections which match user’s likely swing service repayment quantities and user’s required withdrawals

A user must ensure that for each sub-network for each gas day it procures:

(a) the repayment into the sub-network of the user’s swing service repayment quantities for the sub-network for the gas day; and

(b) the injection into the sub-network of an amount of gas equal to its good faith estimate as a reasonable and prudent person of its likely user’s required withdrawals for the sub-network for the gas day.

181. User to minimise its contribution to swing service

A user must endeavour to minimise the extent to which it, and its related shippers or swing service providers (as applicable), contribute to the causation of swing service.

189. Revised allocation instructions

…

1. A user must not give AEMO a revised allocation instruction for a gas day after the start of the gas day which, subject to clauses 189(4) and 189(6), purports to allocate a user’s gas injections into the sub-network across pipelines in different proportions to the earlier allocation instruction in a way which for either pipeline would be expected by a reasonable and prudent person to result in more than a “A”% difference, where “A” is a variable, between the amount of gas allocated to a pipeline at the end of the gas day compared with what would have been allocated under the earlier allocation instruction.
2. The value to be used for the variable in clause 189 (3) is 10.

197. User’s pipeline nomination amount

1. For each *user* for each *gate point* for each *gas day*, a **“user’s pipeline nomination amount”** is the sum of:

(a) the *user’s amounts* of its *related shipper’s nominations* for the *gate point* for the *gas day* (summed across all   *related shippers* for the *gate point*) calculated under clause 196 of Chapter 5 of Retail Market Procedures; and

(b) the *user’s swing service repayment quantities* for the *gate point* for the *gas day* as notified by *AEMO* under Retail Market Procedures clauses 300(4) or 300D(1)(b) (whichever is applicable).

…

**Impact:**

Alinta Energy’s actions appear to have contributed to Swing Service Spikes of 3.7TJ on 1107 for gas day 19/09/16 and 1TJ on 1107 for gas day 22/09/16.

**Resolution:**

Alinta Energy agrees with AEMO’s overview of the actions taken on gas day 19/09/16. The revised nomination to South Metro (1107) was necessitated by an unexpected reduction in supply of around 3.7 TJ to the Parmelia Pipeline. Alinta Energy has a process to manage nominal upstream and imbalance issues.

Alinta Energy acknowledges that SRQ was not included for gas day 22/09/2016. Alinta Energy has advised its staff of the issue.

**Proposed Further Actions:**

Alinta Energy is to:

* make sure that its UPNA always matches UAI;
* always include its SRQ in its UPNA;
* inform APA about any unexpected supply issues that it experiences so that APA can issue a notice to AEMO under clause 255 of the Procedures, which will relax the 10% limitation on renominations;

**Invitation for submissions:**

Before determining whether any further action is required, AEMO 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, the Compliance Panel should make under clause 329 of the Procedures in respect of the apparent breaches of the Retail Market Procedures.

Submissions are requested by no later than 5:00pm (AEST) **Wednesday 4 January, 2017**. Submissions should be sent by e-mail to [rmo@aemo.com.au](mailto:rmo@aemo.com.au).

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

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AEMO

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If you have any questions regarding this matter, please contact Carol Poon on (03) 9609 8509.

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