

Short Term Trading Market update

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STTM Establishment Project

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What is the STTM?



A day-ahead market for wholesale trading of natural gas:

- Shippers on transmission lines
- Users in distribution networks
- Participants can choose to buy or sell gas on spot market

Initial hubs in Sydney and Adelaide

- Hubs are independent but operate under the same rules
- Review of additional hubs by 2011

The STTM is a gas industry-led project, developed under the Ministerial Council on Energy national energy policy.

STTM Establishment Project

- Commenced August 2008

Market Trial: 1 March – 3 June 2010

- Evaluation and refinement of internal business processes
- Registration of participants, facilities and contracts

Go live: 4 June 2010

- Bids and offers from 1 June 2010
- First market schedule issued 3 June 2010
- First gas day 4 June 2010

- STTM Rules and Procedures are in place
- Market Readiness training courses for Industry and AEMO delivered
- Market systems are in place
 - Four cycles of unit testing finished
 - End to end testing almost complete
 - Participant Interface and Qualification Testing complete
- Participant registration is underway
 - 29 registrations received

- Purpose

- A full-scale, industry-wide, operational dry-run of STTM systems and processes, without financial impact.

- Scripted phase

- Four weeks of scripted scenarios commence 10 March
- Fourteen scripted scenarios will test processes and commercial strategies against 'exception' conditions that might not be expected to occur during the Trial timeframe.

- Unscripted phase

- Final eight weeks prior to Market start will be unscripted, allowing participants to act without restriction, as they would in the live market.

- AEMO will be tracking operational performance metrics throughout the Trial in five categories:
 - AEMO operational readiness
 - Participant Readiness
 - Industry-wide readiness
 - Jurisdictional / Commonwealth readiness
 - External rulings
- These metrics will be updated at regular intervals, allowing lessons to be learned and processes refined.
- The final readiness report will be presented to the May AEMO Board meeting