

# INCIDENT REPORT (VICGAS) FOR 5 MARCH 2010

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## 1 Incident description

On 5 March 2010, AEMO did not publish an operating schedule and pricing schedule for the next gas day by 8:00 am AEST as required by Rule 215(3)(b)(i) of the National Gas Rules (NGR) due to an IT systems failure.

The IT systems failure consisted of the failure of the production server (used by the scheduling applications) which prevented:

- schedules being produced by AEMO; and
- Market Participants submitting any data to AEMO systems.

The root cause of the IT systems failure has been attributed to server memory leakage.

### 1.1 Chronology

6:47 am AEST – Monitoring service detected failure of the production server. IT support staff were subsequently notified and began investigating.

7:55 am AEST – the market was notified via SMS only (using a backup system) that the publication of the day ahead (D+1) schedule would be delayed due to IT difficulties.

8:00 am AEST – IT support staff began activation of the Disaster Recovery (DR) scheduling server.

8:40 am AEST – the market was notified via a System Wide Notice (and SMS) that the WEX was still not available.

8:59 am AEST – DR IT systems were fully operational.

9:29 am AEST – the market was notified via a System Wide Notice (and SMS) that the WEX was now available.

10:01 am AEST – the market was notified via a System Wide Notice (and SMS) that the day ahead (D+1) schedule was available.

## 2 Market impacts

Market Participants were not able to submit data to AEMO market systems from approximately 6:47 am AEST to 8:59 am AEST. The 10:00 am current day and day ahead (D+1) schedules were run using participant data that had been successfully submitted before the outage. Participant access to any existing reports on the Market information Bulletin Board (MIBB) was not affected.

AEMO published the day ahead (D+1) schedule approximately 2 hours late. The D+1 schedule was run at the earliest opportunity after systems were available and the 10:00 am current day (D) schedule had been published. There were no impacts on AEMO's ability to run current gas day schedules.

## 3 Compliance issues

AEMO, by publishing the market price 2 hours late, did not comply with the requirement to publish an operating schedule and pricing schedule for the next gas day by 8:00 am AEST as required by Rule 215(3)(b)(i) of the National Gas Rules (NGR).

AEMO complied with the requirements in the Gas Scheduling Procedures to notify the market of the abnormal event and its resolution.

AEMO complied with the requirements to run the 10:00 am D and D+1 operating and pricing schedules using the most recent Market Participant data successfully submitted before the outage as per Rule 215(1)(a) and Rule 221(3)(a).

AEMO did not consider it was required to administer the price and declare an administered price period on the 5<sup>th</sup> March 2010 for the 6<sup>th</sup> March 2010 gas day as a result of the late publication of the schedules and market price.

### **3.1 Should AEMO have administered the price for the D+1 schedule?**

The Gas Scheduling Procedures contemplate actions to be taken by AEMO in the event that it is unable to produce pricing and operational schedules<sup>1</sup> due to an IT systems failure. However, these actions are specifically intended to apply to current gas day schedules especially in the context of declaring an administered price period or intervening in the market.

The purpose of administering the market price is to mitigate trading risk for market participants arising from abnormal events in the market. It follows that administering the market price for a future gas day would serve no purpose since:

- Settlements is based on market price, scheduled quantities and allocations that last applied on a gas day (i.e. these are the last approved schedules and market prices for each scheduling horizon and the latest allocations for the gas day); and
- A future gas day's schedules have no impact on settlements for a gas day unless, in the case of an IT systems failure, they are the most recently approved schedules and are required to be re-approved as the schedules for the current gas day (e.g. in the case where a 6:00 am current gas day schedule could not be produced, the 12:00 am D+1 schedule would be re-approved as it's substitute and the market price administered).

It is recommended that the Gas Scheduling Procedures and/or the Administered Pricing Procedure be amended to remove any ambiguity in regard to not administering the price for future gas days.

### **3.2 Should AEMO have administered the price for the 10:00 am D schedule?**

The Gas Scheduling Procedures (which have been developed in consultation with participants) do not contemplate any action to be taken by AEMO if the only issue affecting Market Participants is their inability to submit data to AEMO market systems. As AEMO was able to produce pricing and operational schedules which did not meet the criteria for scheduling in abnormal conditions (as per Section 7.5 of the Gas Scheduling Procedures) the price was not administered.

## **4 Corrective actions by IT**

In order to minimise the likelihood of a reoccurrence of the server failure, IT administrative processes are being reviewed.

<sup>1</sup> Condition 2 in Section 7.5.4 of the Gas Scheduling Procedures (Version 5.1).

## 5 Appendix A

### 5.1 Market Notifications

#### 5.1.1 Notice issued via Redrock (as SMS only)

5/3/2010 8:55am DST -- Publishing of D+1 operational schedule will be delayed due to IT difficulties. Please follow the LAOS for 06/03/10.

#### 5.1.2 System Wide Notices

System Wide Notice Id	System Message	Published (AEST)	URL Path	Notice Start Date	Notice End Date
7016	WEX is currently not available (5/03/10) due to IT issues that are currently being investigated. Notification will be provided when back available.	5/03/2010 8:40:00 AM		5/03/2010	5/03/2010
7017	WEX is back available (8:59 AEST 5/03/10)	5/03/2010 9:28:19 AM		5/03/2010	5/03/2010
7018	Day+1 schedule with 8am publish time for gas day 6/03/10 is now available on MIBB	5/03/2010 10:01:58 AM		5/03/2010	5/03/2010

### 5.2 Administered Pricing Procedure Extract

Extract from Table 2 Administered Pricing Causes and Periods of Administered Pricing Procedure version 2 dated 10 December 2009 (Document Number 243735)

Administered Pricing Cause	Commencement of administered price period	Conclusion of administered price period
As a result of inability to publish market price or a pricing schedule by the required time.	VENCorp must declare an administered price period when the market price or the pricing schedule is not able to be published in a reasonable timeframe, determined in accordance with the gas scheduling procedures.	<p>Where initiated by inability to publish market price or a pricing schedule by the required time, the administered price period continues until VENCorp, in its reasonable opinion, considers that</p> <ul style="list-style-type: none"> <li>it is able to once again determine market price and pricing schedules in accordance with the normal processes</li> <li>no other condition for an administered price period is applicable; and</li> <li>VENCorp declares that the administered price period has ended.</li> </ul>