AEMO BE45 Negative DSA caused by negative CLP – option 6 – option 6

Non Binding Budgetary Estimate

08/10/2010

Australian Energy Market Operator (AEMO)
Gas Retail Market Business System

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Contents

1 Introduction

1.1 Purpose

This document has been prepared in response to the Request for a Budgetary Estimate (RBE119) – Negative DSA caused by negative CLP submitted to Logica by AEMO on 27th September 2010.

1.2 Scope

In line with the Budgetary Estimate process, this document will:

- Detail cost estimates for each process (providing a cost range for each estimate, and identifying how changes in key assumptions would affect implementation costs and operational costs);
- Identify at a high level, the impact to Logica processes and systems
- Where possible identify key areas of impact on market participants
- Where applicable identify any project management, testing and operational costs.

1.3 Summary

The document considers each of the processes outlined in RBE119, providing a high level analysis of the expected Logica impact based on a series of documented assumptions. Points for further consideration by AEMO and/or participants are provided where appropriate.

1.4 Change Forecast

This document is not expected to be maintained following its first definitive release.

1.5 References

	Name	Version	Author
	AEMO Retail Market Procedures	1.0	AEMO

1.6 Abbreviations

Abbreviations are fully expanded at their first place of inclusion in the document, and are referenced by the abbreviation thereafter.

2 Background

2.1 Overview

AEMO's Gas Retail Consultative Forum for NSW and ACT **(GRCF)** has considered a proposed long term solutions to address the negative SDSA caused by negative CLP.

At the GRCF meeting held on 14 September 2010, participants indicated that AEMO should advise Logica costs for the new option (option 6). The new option is to accept the total CLP value for the network section provided by Jemena and the DEE to then calculate a user's CLP allocation for a gas day in proportion to the Users' market share. The new CLP allocations calculated by the DEE would then be used to replace the user's CLP allocation (**SCLP**) that is currently provided by Jemena based on the MDQ approach for an STTM network section.

2.1.1 Description

The Budgetary Estimate BE45 will provide AEMO with estimates for the changes required to be made to the GRMBS and associated Logica processes and systems to address the negative STTM DSA issue caused by negative CLP using option 6.

The document will:

- Provide detailed cost estimates for each process (providing a cost range for each estimate and identifying how changes in key assumptions would affect costs)
- Identify at a high level the impact to Logica processes and systems
- Where possible, identify key areas of impact to Market Participants and
- Where applicable provide information on any testing, project management and operational costs that may be incurred.

AEMO suggested that Logica to implement Option 6, as described in the paper presented to the GRCF at the 14 September 2010 meeting. A description of the work required is set out in section 3 of this document.

3 Budgetary Estimate

3.1 Option 6: GRMBS calculates a user's CLP allocation for a gas day by multiplying the aggregate CLP (for the network section) against the Users' market share.

3.1.1 Assumptions

- The modified calculations will not significantly impact the performance of the system or the GRMBS ability to deliver required output as specified by the SLA.
- The method of delivery of the new data to the Users will be via a mechanism and delivery medium currently available within the GRMBS.

3.1.2 Impact

3.1.2.1 GRMBS

Moderate changes will be required to the new STTM Distribution System Allocation processes in the GRMBS.

The User's CLP calculation & SDSA revision processes are additional routines that can be implemented at the end of SDSA daily calculation process at 09:30h on day+1.

Currently, STTM Distribution System Allocation' data for NSWWILTON network section is made up of:

- Each user's total daily withdrawals (TDW).
- Each user's allocation of Net Section Load (NSL).

  This allocation is the sum of withdrawals for each user's non daily delivery points, where the withdrawal is the distributed withdrawals (DWL) for the delivery point when the GRMBS has an actual meter reading for the delivery point, otherwise it is the estimated withdrawal (EW) when the GRMBS doesn't have such a meter reading.
- Each user's share of Change in Linepack (CLP) and Unaccounted for Gas (UAG).

The DEE would calculate a user's CLP allocation for a gas day by multiplying the aggregate CLP (for the network section from network operator) against the Users' market share. For the purposes of this calculation, market share would be based on withdrawals, both Daily and non-daily, where withdrawals = sum of TDW + share allocation of NSL. This CLP allocation would be updated whenever STTM DSA's are recalculated by the DEE (i.e. on a weekly and monthly basis in accordance with the STTM requirements).

The CLP allocations calculated by the DEE would replace the user's CLP allocation (**SCLP**) that is currently provided by the network operator (Jemena) for an STTM balanced network section. The DEE process that handles the user's CLP allocation (SCLP) transaction from network operator will be unchanged.

This change to the allocation of CLP would not be applied retrospectively and would apply from implementation date only. Essentially the user's CLP allocation received from network operator prior to the implementation date will still be valid and used for any revision or recalculation for gas days prior to the implementation date.

For example, on the gas day 0, the following are produced (UAG isn't shown and assume to be 0 to simplify the example):

	SDSA preliminary	TDW component	Share of NSL	SCLP(from Jemena)
User A	-200	0	0	-200
User B	650	250	500	-100
User C	1050	400	800	-150
User D	1800	750	1250	-200
User E	-50	50	0	-100
Total	3250	1450	2550	-750

The new CLP calculation process aggregates the SCLP to the network section level which sums up to -750. The total CLP value will be reallocated to each user using the user's market share portion based on the based on withdrawals , both Daily and non-daily, where withdrawals = sum of TDW + share of NSL.

Once the CLP reallocated, the respective SDSA also gets updated as shown below:

	SDSA recalculated	TDW component	Share of NSL	CLP recalculated
User A	0	0	0	0 = (0+0)/4000*-750
User B	609.375= 250+500-140.625	250	500	-140.625= (250+500)/4000*-750
User C	975= 400+800-225	400	800	-225= (400+800)/4000*-750
User D	1625= 750+1250-375	750	1250	-375= (750+1250)/4000*-750
User E	40.625= 50-9.375	50	0	-9.375= (50+0)/4000*-750
Total	3250	1450	2550	-750

The total SDSA after its revision and reallocation of CLP remains the same as before and note that User E's SDSA is no longer negative but positive (+40.625) and not zero like User A's recalculated SDSA.

The total CLP also remains the same before and after the reallocation.

3.1.2.2 Market Participants

Users only receive one set of 'revised' SDSA results after the revision and CLP reallocation process on daily, weekly and monthly STTM DSA calculation. The original SDSA results based on the original User's CLP (SCLP) from network operator (Jemena) will not be included.

3.1.3 Cost

Between $34,000 and $41,000

3.1.4 Cost Assumptions

All costs include GST.

The costs are expressed in Australian Dollars unless specified otherwise.

The costs are indicative and could vary when the requirements and scope are confirmed.

Indicative costs are dependent on the assumptions listed with each option.

This is a budgetary estimate only and is not an offer capable of being accepted.