

## Notice of a Threat to System Security – Seeking a Market Response

Reference: *National Gas Rules (NGR), Part 19, Division 5, Subdivision 5, Notice of Threat to System Security*

Under rule 341 of the NGR, AEMO is notifying participants of a threat to system security in the Declared Transmission System, identified in the Victorian Gas Planning Report 2021 (Available here: <https://aemo.com.au/energy-systems/gas/gas-forecasting-and-planning/victorian-gas-planning-report>).

From the information provided by registered participants and modelling conducted by AEMO for the 2021 VGPR, there is forecast to be insufficient contracted Dandenong LNG inventory available for all operational and emergency scenarios, leading to an increased risk of curtailment during winter 2021 onwards unless the LNG inventory stored within the tank is higher than current contracted levels.

The threat to system security is likely to impact:

- |                                     |                           |                          |                           |
|-------------------------------------|---------------------------|--------------------------|---------------------------|
| <input checked="" type="checkbox"/> | Total System              | <input type="checkbox"/> | Melbourne Withdrawal Zone |
| <input type="checkbox"/>            | Gippsland Withdrawal Zone | <input type="checkbox"/> | Northern Withdrawal Zone  |
| <input type="checkbox"/>            | Geelong Withdrawal Zone   | <input type="checkbox"/> | Ballarat Withdrawal Zone  |
| <input type="checkbox"/>            | Western Withdrawal Zone   |                          |                           |

If the Dandenong LNG inventories are reduced to the current contracted level, the threat to system security is expected to start from 01/05/2021, or a revised time that may be advised by AEMO. At this stage it is not possible to estimate an end date.

A market response (per rule 342 of the NGR) to this notice may alleviate the threat to system security and remove the need for AEMO to take action. Market participants are asked to re-evaluate their market positions.

AEMO hydraulic modelling indicates that approximately 140 TJ of inventory is required to be reserved in the tank for an emergency system shutdown scenario. This is necessitated by the Gas Safety Act, which requires AEMO as the network operator to minimise risks to safety that arise due to interruptions or the reinstatement of gas supply as far as reasonably practicable.

Using a two stage process of hydraulic modelling combined with probabilistic modelling, AEMO has determined that to minimise the likelihood of curtailment, approximately 110 TJ of LNG inventory would be required in addition to the emergency shutdown quantity. This LNG is to manage operational and market responses during periods of high unforecast demand or supply disruptions that would be threats to system security but not an emergency.

- There will be a market notice to advise the removal of the threat to system security.
- AEMO reserves the right to determine an appropriate operational response if the market response is insufficient to avert the threat to system security.

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