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17 October 2008

Bulletin Board users c/o  
Mr John Savage  
Bulletin Board Operator  
PO Box 413  
World Trade Centre  
Victoria 8005  
Australia

Dear Mr Savage

Please place this letter on the Bulletin Board and send to Bulletin Board users.

### **MOOMBA PLANT OUTAGE ON 10 AUGUST 2008**

On 1 July 2008, the Australian Energy Regulator (AER) became responsible for monitoring, investigating and enforcing compliance with the National Gas Law (NGL), the National Gas Rules (NGR) and any relevant Regulations. As part of its compliance monitoring strategy, the AER makes enquiries following market events that could give rise to a possible breach of the NGR.

On Sunday, 10 August 2008, a plant outage occurred at Santos' Moomba production facility. The outage affected the production facility's capacity, which was not fully restored until Wednesday, 13 August. The outage also resulted in supply shortfalls on the Moomba to Sydney (MSP) and Moomba to Adelaide (MAP) pipelines, operated by APA and Epic respectively.

Following the events of 10 August, the AER sought information from the Bulletin Board Operator, Santos, APA and Epic regarding compliance with Bulletin Board obligations following the outage.

The AER has ascertained that Santos took almost 24 hours to update the 3-day capacity outlook on the Bulletin Board for the Moomba production facility following occurrence of the outage. The AER has also ascertained that APA and Epic, whilst waiting for further information from Santos, similarly took around 24 hours to change the linepack capacity adequacy indicators (LCA flags) on the Bulletin Board for their pipelines.

### **Bulletin Board obligations on production facilities**

The NGR and associated procedures contain rules concerning the publication on the Bulletin Board of a 3-day capacity outlook by production facilities, including the

Moomba production facility. In particular, clause 165 of the NGR requires a production facility operator to provide the Bulletin Board Operator with a daily 3-day capacity outlook. Clause 5.4(b) of the Bulletin Board Procedures provides that the 3-day capacity outlook should take account of short term changes to the availability and performance of plant that is materially impacting or will materially impact capacity during the 3-day outlook period. That clause also provides that the production facility operator must ensure that the 3-day outlook published on the Bulletin Board reasonably reflects the operator's knowledge of the plant capability and availability at the time.

### **Bulletin Board obligations on pipeline operators**

The NGR and associated procedures contain rules concerning the publication on the Bulletin Board of LCA flags by pipeline operators for Bulletin Board pipelines, including MSP and MAP.

In particular, clause 172 of the NGR requires a pipeline operator to provide the Bulletin Board Operator with an LCA flag and 3-day LCA outlook. That clause provides that, if a pipeline operator determines that the most recent LCA flag no longer reflects the pipeline operator's view of the actual or expected capability of the pipeline to meet aggregated delivery nominations, the pipeline operator must provide the Bulletin Board Operator with an updated LCA flag as soon as practicable. Clause 5.6(a) of the Bulletin Board Procedures additionally provides that the 3-day LCA outlook must be updated by the pipeline operator as soon as practicable if, at any time, the operator becomes aware of a change in the LCA flag status for any day in the current 3-day LCA outlook period. Clause 5.6(a) also provides that the pipeline operator must provide the Bulletin Board Operator with the reason(s) for the change of LCA flags.

### **Updating the Bulletin Board**

The obligations to provide and update information on the Bulletin Board contained in the NGR and associated procedures exist to facilitate trade within and between Australian gas markets. This objective could be compromised if such obligations are not complied with. Accordingly, such obligations must be complied with as a matter of priority by all participants, even in emergency situations or in the case of ongoing gas supply issues.

Following its enquiries, the AER has decided not to pursue the events of 10 August 2008 any further, given that the Bulletin Board has been established only recently and participants are still coming to terms with the legal and practical implications of their Bulletin Board obligations.

Nevertheless, the AER expects that, in the future, participants will update relevant information on the Bulletin Board as soon as possible after the occurrence of an event that affects the accuracy of that information. Existing mechanisms for exchanging information cannot be used as a substitute for compliance with the relevant Bulletin Board obligations.

In addition to updating capacities and LCA flags as soon as possible the AER would expect that plant or pipeline operators would consider the benefits to Bulletin Board

users (BB users) of using the comment fields available. These fields, visible to BB users, can facilitate more information as to the likely impacts and duration of significant events initially and then can be used for updates as impacts become better known. When events like this one at Moomba occur the AER would expect consideration to be given to the early and continued usage of comment fields in combination with data entries / LCA flags in order to better inform all BB users and meet the objectives of the bulletin board.

Please do not hesitate to contact Jeremy Llewellyn on (03) 9290 1428 or me on (03) 9290 1890 if you have any questions.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Tom Leuner', with a stylized, cursive script.

Tom Leuner  
General Manager– Markets