# **Australian Energy Market Operator**

# **Apparent breach of Retail Market Procedures (WA) 178, 181 and 197 by Kleenheat Gas Pty Ltd on gas days 21/09/16, 22/09/16, 23/09/16 and 24/09/16**

**Overview:**

High Swing Service volumes were detected for gas days 21/09/16, 22/09/16, 23/09/16 and 24/09/16. AEMO has investigated these matters and found that:

* For gas day 21/09/16, Kleenheat Gas Pty Ltd (“Kleenheat”) put in a users’ pipeline nomination amount (“UPNA”) on the Parmelia Pipeline of 1.5TJ for the South Metro sub-network (1107P), but its user’s allocation instruction (“UAI”) for 1107P was 428GJ, which contributed to the Swing Service spike of 1.5TJ on 1107 for gas day 21/09/16.
* For gas day 21/09/16, Kleenheat put in an UPNA on the Parmelia Pipeline of 1.5TJ for the North Metro sub-network (1106P), but its UAI for 1106P was 14GJ, which contributed to the Swing Service spike of 1.5TJ on 1106 for gas day 21/09/16.
* For gas day 20/09/16, Kleenheat did not include the Swing Service Repayment Quantity (“SRQ”) in their UPNA, which contributed to the Swing Service spike of 1TJ for gas day 22/09/16.
* For gas day 23/09/2016, Kleenheat put in an UPNA of 1.5TJ for 1107P, but its UAI for 1107P was 178GJ, which contributed to the Swing Service spike of 1.6TJ on 1107 for gas day 23/09/16.
* For gas day 23/09/16, Kleenheat put in an UPNA of 1.5TJ for 1106P, but its UAI for was 239GJ, which contributed to the Swing Service spike of 1.6TJ on 1106 for gas day 23/09/16.
* For gas day 24/09/2016, Kleenheat put in an UPNA of 1.5TJ for 1106P but its UAI for 1106P was 24GJ, which contributed to the Swing Service spike of 1.6TJ on 1106 for gas day 24/09/16.

These inputs have resulted in Swing Service spikes on 1106 and 1107, and appear to be breaches of the following clauses from Chapter 5 of Retail Market Procedures WA (the “Procedures”) by Kleenheat:

* 181 and 197 on gas days 21/09/16, 22/09/16, 23/09/16 and 24/09/16; and
* 178 on gas days 21/09/16, 23/09/16 and 24/09/16.

Clauses 178, 181 and 197 from Chapter 5 of the Procedures read as follows:

178. User to procure injections which match user’s likely swing service repayment quantities and user’s required withdrawals

A *user* must ensure that for each *sub-network* for each *gas day* it procures:

(a) the *repayment* into the *sub-network* of the *user’s swing service repayment quantities* for the *sub-network* for the *gas day*; and

(b) the *injection* into the *sub-network* of an amount of gas equal to its good faith estimate as a *reasonable and prudent person* of its likely *user’s required withdrawals* for the *sub-network* for the *gas day*.

181. User to minimise its contribution to swing service

A user must endeavour to minimise the extent to which it, and its related shippers or swing service providers (as applicable), contribute to the causation of swing service.

197. User’s pipeline nomination amount

1. For each *user* for each *gate point* for each *gas day*, a **“user’s pipeline nomination amount”** is the sum of:

(a) the *user’s amounts* of its *related shipper’s nominations* for the *gate point* for the *gas day* (summed across all   *related shippers* for the *gate point*) calculated under clause 196 of Chapter 5 of Retail Market Procedures ; and

(b) the *user’s swing service repayment quantities* for the *gate point* for the *gas day* as notified by *AEMO* under Retail Market Procedures clauses 300(4) or 300D(1)(b) (whichever is applicable).

…

**Impact:**

Kleenheat’s actions appear to have contributed to Swing Service spikes on:

* 1106 for gas days 21/09/16, 23/09/16 and 24/09/16; and
* 1107 for gas days 21/09/16, 22/09/16 and 23/09/16.

**Resolution:**

During the period in reference, Kleenheat faced a full supply curtailment from its gas supplier, which impacted its injections on the Parmelia Pipeline. Kleenheat received the notifications of curtailment from the upstream supplier after nomination cut-off times each day. Kleenheat tried to change its UAI later, but the revised UAIs were not accepted as per the Procedures. Kleenheat has indicated that it would like the Procedure Change Committee (“PCC”) to review the timing for, and limitations on nomination and re-nomination under the Procedures.

**Proposed Further Actions:**

Kleenheat is to:

* continue to include its SRQ in its UPNA;
* refer to Interface Control Document to avoid such nomination issues in future (as per clause 10.3 – Allocation Instruction of the Interface Control Document);
* inform APA about any unexpected supply issues that it experiences so that APA can issue a notice to AEMO under clause 255 of the Procedures, which will relax the 10% limitation on renominations; and
* raise a Gas Market Issue (GMI) for consideration at the next PCC to commence a review of the timing for, and limitations on nomination and renomination under the Procedures.

**Invitation for submissions:**

Before determining whether any further action is required, AEMO invites written submissions from participants as to:

* the effect that this incident has on their operations, and
* their view with regard to the determination, if any, AEMO should make under Clause 329 in respect of the apparent breaches of the Retail Market Procedures.

Submissions are requested by no later than 5:00pm (AEST) **Wednesday 4 January, 2017**. Submissions should be sent by e-mail to rmo@aemo.com.au.

Alternatively, submissions can be sent by post to AEMO at:

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If you have any questions regarding this matter, please contact Carol Poon on (03) 9609 8509.

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