

24 May 2017

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Dear Mr Pierce

Rule Change Request – Unintended Scheduling Results – Decision Timing

AEMO requests that the Australian Energy Market Commission (AEMC) considers changing the National Gas Rules (NGR) to allow the Australian Energy Market Operator (AEMO) time to use final settlement data for investigations into unintended scheduling results conducted under rule 218 of the NGR.

A description and drafting of the proposed Rule, including a statement of the issue that this rule change proposal addresses is provided in the attachment.

For further details, please contact Violette Mouchaileh, Group Manager Market Enhancement on 03 9609 8551.

Yours sincerely



Peter Geers

Executive General Manager, Markets

Attachments: Rule Change Proposal



GAS RULE CHANGE PROPOSAL

UNINTENDED SCHEDULING RESULTS – DECISION TIMING

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1. SUMMARY

AEMO is proposing that Part 19 of the National Gas Rules be modified to change the timing requirement for publishing decisions as to whether an unintended scheduling result has occurred under rule 218. The proposed rule changes will ensure that AEMO has adequate information in order to make a decision under rule 218.

AEMO considers the proposed change to be non-controversial. The change will not impact outcomes for Market Participants in relation to potential unintended scheduling results. Conversely, strict adherence to the timeline required by the current rules could lead to AEMO having to publish a decision based on provisional settlement numbers instead of final settlement statements.



2. STATEMENT OF ISSUE

2.1 Current Rules

Where AEMO issues scheduling instructions as part of an operating schedule, Market Participants may be entitled to compensation if those scheduling instructions are erroneous and meet the requirements of rule 217, which defines 'unintended scheduling result'.

If a Market Participant suspects that an unintended scheduling result has occurred, they may request under rule 218 that AEMO investigate the circumstances and make an initial determination as to whether there is in fact an unintended scheduling result; and therefore whether Market Participants may seek compensation in respect of the event.

On request by a Market Participant to investigate a possible unintended scheduling result, AEMO must investigate and publish a decision as to whether an unintended scheduling result has occurred within 20 business days of the request. If AEMO decides that an unintended scheduling result has occurred it may initiate dispute resolution processes for the purpose of confirming this decision and to determine any compensation payable.

2.2 Issues with the current Rule

AEMO requires settlement data in order to perform the analysis to determine whether an unintended scheduling result has occurred, as rule 217 requires that an event must reach a financial threshold to be considered an unintended scheduling result.

Market Participants may request that AEMO investigate whether an unintended scheduling result has occurred soon after the relevant schedule is published. Where this happens early in a month, AEMO is required to make a decision based on the financial impact determined from provisional settlement data. This could lead to the use of data with high levels of estimated meter readings and default allocations.

Final settlement data is the most appropriate data to use to determine the financial impact of an unintended scheduling result because:

- Contractual arrangements at the Longford system injection point are such that allocations reflecting contractual title to gas injected are only available for final settlement. Prior to this, only default allocations are available. Longford is the most significant injection point in the DWGM.
- A significant proportion of interval meters to large customers on distribution networks are manually read twice a month. As data for final settlements is received by the 12th business day after the end of the month there is more opportunity to review data quality, and to attempt to obtain any missing readings.



3. HOW THE PROPOSAL WILL ADDRESS THE ISSUES

3.1 How the proposal will address the issues

In general, AEMO considers that the existing 20 business day period for investigating and deciding whether an unintended scheduling result has occurred is adequate. However, as set out in section 2.2 above, this timeline does not always allow AEMO to use settlement quality data in the analysis. In order to rectify this, AEMO proposes that the 20 business day period only start once final settlement statements are available (as prescribed by rule 245).

3.2 Stakeholder Engagement

AEMO has informed Market Participants of this issue in a report published on 4 January 2017 and via the Gas Wholesale Consultative Forum on 12 December 2016. No objections to the proposed solution have been raised.

4. PROPOSED RULE

This draft is based on version 33 of the National gas rules.

218 Process for determining occurrence of unintended scheduling result

(3) If after investigation AEMO decides:

(a) that an unintended scheduling result has occurred; or

(b) where the investigation was undertaken pursuant to a request under subrule (2), that the matter under investigation is not an unintended scheduling result,

AEMO must publish that *decision* promptly, and in any event not later than 20 business days after receipt of a request made under subrule (2) or 20 business days after the publication of final statements which include the gas day of the relevant operating schedule, whichever is later, including the reasons for that *decision* and sufficient details to enable Market Participants to identify the relevant operating schedule and the matter investigated by AEMO.



5. HOW THE PROPOSED RULE CONTRIBUTES TO THE NATIONAL GAS OBJECTIVE (NGO)

The proposed rule contributes to the NGO by enabling AEMO to more accurately determine whether an unintended scheduling result has occurred, by ensuring that final settlement data is available for analysis to support AEMO's decision. The change will increase market efficiency by ensuring that costs are not unnecessarily incurred and is therefore in the long term interest of consumers.



6. EXPECTED BENEFITS AND COSTS OF THE PROPOSED RULE

The main benefit of this change is that it enables AEMO to base decisions regarding unintended scheduling results under rule 218 on more accurate data. This may avoid unnecessary costs being incurred in relation to a dispute resolution process if AEMO determines incorrectly (based on provisional data) that an unintended scheduling result has occurred.

AEMO's costs in developing this rule change request are minor and will be absorbed into its operational budgets with no impact on its market fees. AEMO does not anticipate any adverse operational or market impacts from the proposed change. Participants will not be required to take any action if the proposed rule is made, and there will be no additional requirements or obligations imposed on them.