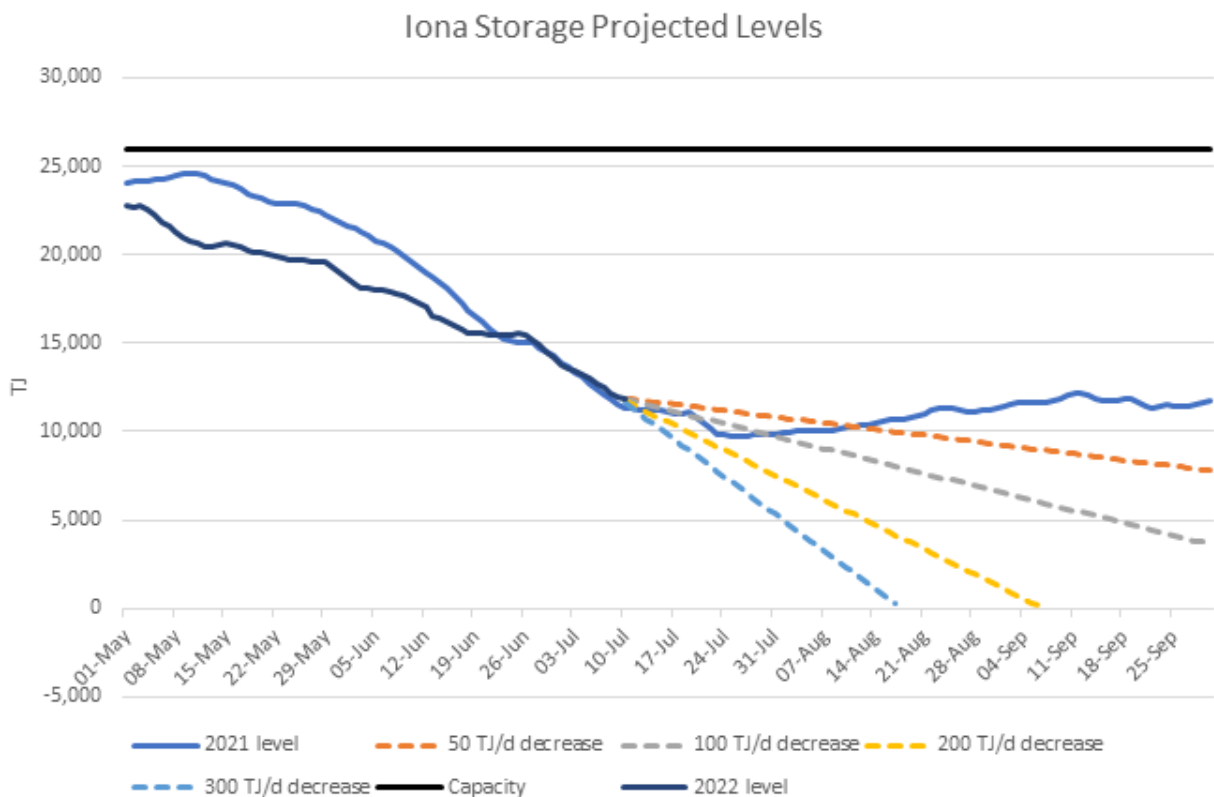


Notice of a Threat to System Security – Seeking a Market Response

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, due to low Iona underground gas storage inventory and the risk of supply shortfalls due to Iona inventory depletion this winter.

Iona storage inventory has reduced at an average daily rate of 277 TJ/d since 26 June 2022, when it was 15.5 PJ to 11.9 PJ on 9 July. If this rate of decline continues, Iona storage inventory will reduce to 6 PJ on 31 July. At this inventory level, Iona supply delivery capacity may begin to reduce due to low storage reservoir levels, with this supply capacity reduction increasing if the Iona inventory continues to decline.



This reduction in Iona supply capacity increases the risk of curtailment during peak demand days and during periods of high gas generation demand.

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 | | |

A market response to this notice may alleviate the threat to system security and remove the need for AEMO to take action. Market participants are asked to cease purchasing gas from the DWGM via controllable withdrawals from the DTS – particularly via Culcairn (i.e. not bid for controlled withdrawals of gas from the DTS without corresponding gas supply scheduled for injection into the DTS).

The market may also alleviate the threat by increasing supply into the DTS above already forecast production quantities or from supply sources outside of Victoria. In the case where a market participant intends to increase gas supply into the DTS, this information should be sent to gasplanning@aemo.com.au as soon as possible.

AEMO reserves the right to determine an appropriate operational response if the market response is insufficient to avert the threat to system security. This may include intervening to apply scheduling constraints and directions to relevant participants if necessary that may limit withdrawals from the DTS.

Where market participants are withdrawing gas via controllable withdrawals from the DTS, they will need to demonstrate that they are supplying a corresponding amount of gas into the DTS, and that the quantity of gas being withdrawn from the DTS is not materially higher than the excess of that market participant's injections into the DTS over its gas demand in the DTS including supply to other participants where applicable.

AEMO may take further action if it is not satisfied that lona storage inventory reductions are sustainable.

This threat to system security will continue until 30 September 2022, or until a time that AEMO otherwise considers that the threat to gas supply caused by lona storage inventory depletion has subsided.

There will be a market notice to advise the removal of the threat to system security.

Issued on 11/07/2022

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