# FORECAST CHANGE IN LINEPACK (FCLP) METHODOLOGY AND VALIDITY CRITERIA – INDUSTRY APPROVED METHODOLOGY

# NSW & ACT GAS RETAIL MARKET

PREPARED BY: MARKETS

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FINAL

# History

Version 44 of the Gas Retail Market Business Rules (now the Retail Market Procedures – NSW & ACT) incorporated material amendments to **Rules 27** and **28** (Now **Procedures 8.5** and **8.6**) which related to the issue of User Nominations **(RC02/07)**.  As part of these amendments, the Board of Gas Market Company (**GMC**) (now AEMO) was required to approve:

1. The 'FCLP Amount Calculation Methodology', as required by **Clause 28.7A(6) – [now Procedure 8.6.7(g)]**; and
2. The 'FCLP Procedures validity criteria', as required by **Clause 28.7C(1) – [now Procedure 8.6.9]**.

This paper details the 'FLCP Amount Calculation Methodology' and the 'FCLP Procedures validity criteria' that were approved by the Board of GMC at its meeting on 5 June 2008, and are now overseen by AEMO.

# 1. Approved FCLP Methodology (Clause 8.6.7(g))

**Clause 8.6.7(g)** states:

"*AEMO* must ensure that at any time there is an *industry approved methodology* to enable *AEMO* to calculate an *FCLP amount* for a *User* as required under this clause **Error! Reference source not found.** (*FCLP amount calculation methodology*). The *FCLP amount calculation methodology* must result in an *FCLP amount* that is an absolute value. *AEMO* will *publish* the *FCLP amount calculation* methodology."

*Please refer to the latest version of the Procedures to ensure this definition is up to date. The latest version of the Procedures always takes precedence.*

Historical Note: At its meeting of **5 June 2008**, the Board of GMC approved the following FCLP amount calculation methodology:

$$FCLP_{user\ x} = \frac{AVG(ABS(CLP_{nbd})) \times MDQ_{user\ x}}{SUM(MDQ_{user\ y})}$$

Where:

$FCLP_{user\ x}$ = the FCLP calculated for the requesting user x;

$CLP_{nbd}$ = the set of all non-business day CLP figures from the corresponding 6-month period in the prior year;

MDQuser x = the MDQ for the requesting user x; and

$SUM(MDQ_{user\ y})$ = the sum of all users MDQs.

In practical terms, the FCLP amount calculation methodology, as defined by the above formula, will be applied by the Rules Administrator in the following manner:

1. Receive the MDQ for each user from the network operator once every six months;

2. Extract all CLP figures from the GRMBS for days following non-business days during the 6-month period corresponding to the current 6-month period in the prior year;

3. Make all CLP figures in step 2 positive numbers (i.e. take their absolute value);

4. Take the average of the answer from step 3; and

5. Multiply the average from step 4 by the requesting user"s MDQ, then divide by the total of all user"s MDQ.

This criteria is still current.

## 2. Approved FCLP Procedures Validity Criteria (Clause 8.6.9)

**Clause 8.6.9(1)** states:

> "*AEMO* must ensure that at any time there is an *industry approved methodology* to determine the *FCLP validity criteria*."

Historical Note: At its meeting of **5 June 2008**, the Board of GMC determined that the FCLP Rules validity criteria would be:

- All users continue the current behaviour in respect to participant imbalance amounts so that they are not scheduled to commence/occur on a weekend;

- There is one pressure-controlled pipeline supplying the Alinta (now Jemena) network;

- The pressure-controlled pipeline continues to have capacity to support the operational balancing gas service;

- Users representing in aggregate 50% of daily volumes operate on a seven-day basis;

- All participants have seven-day availability of personnel to respond to shortages/ limitations in gas supply; and

- There are no changes to the configuration or demand profile of the network which, in the opinion of the network operator, requires the tolerance allowance to be altered or removed.

This criteria is still current.