Notice to Participants of AEMO's decision on making the STTM Procedures version 12.0

This Notice advises all Registered Participants (Participants) and other interested stakeholders that consultation for changes to the Short Term Trading Market (STTM) Procedures under the ordinary procedure change consultative process, prescribed in rule 135EE of the National Gas Rules (NGR), concluded on 17 September 2015.

Taking into account the assessment provided in the Impact and Implementation Report (IIR), AEMO hereby gives notice that it has decided to amend the STTM Procedures, effective from 5 November 2015.

The STTM Procedures changes to version 11.0 will reflect (shown at Appendix A):

- The process for Trading Participants to revise price steps within their contingency bids or offers at the confirmation stage;
- The scope of evidence that AEMO will require to determine the quantity of contingency gas provided; and
- The method that AEMO will use to determine the resettlement amounts payable to Trading Participants.

AEMO did not receive submissions from stakeholders in response to the IIR consultation.

Following the IIR consultation, AEMO identified the need for and has made the following changes to the draft procedures proposed in the IIR:

- Redundant brackets have been removed from equations in sections 10.6A and 10.6B
- An additional clarifying subparagraph has been added to section 9.4.1(fa).

AEMO considers that this Procedure change meets the requirements of the National Gas Objective to provide certainty to Trading Participants in relation to what evidence can be requested from them in the case of a contingency gas event, to improve the operational efficiency in allowing for pre-approval of evidence methodologies and to provide transparency in the process for the resettlement of contingency gas that has been delivered.

As required by Rule 135EE(5), AEMO also publishes this notice to inform Participants that version 12.0 of the STTM Procedures will be effective from 5 November 2015.

Notice Date: 14 October 2015

Appendix A: STTM PROCEDURES CHANGES

Blue represents additions Red and strikeout represents deletions – Marked up changes

Changes are shown relative to STTM Procedures version 11.0

CHAPTER 1 – PRELIMINARY

1.2 Definitions

In these Procedures:

ad hoc charge means an amount determined under clause 8.4.4 or 10.6A that is payable to *AEMO* by a *Trading Participant*.

ad hoc payment means an amount determined under clause 8.4.4 or 10.6B that is payable by *AEMO* to a *Trading Participant*.

CHAPTER 9 – *CONTINGENCY GAS*

9.4 Calling and Scheduling *Contingency Gas*

9.4.1 Confirmation of availability

(f)   Subject to paragraph (b), *AEMO* must contact the *Trading Participants* in the provisional *contingency gas offer stack* and/or provisional *contingency gas bid stack*, except those *Trading Participants* whose *price steps* have been set to zero availability under paragraph (e), using the contact details provided under *rule* 434 and request confirmation of:

(i)   the total quantity of *contingency gas* that can be provided by the time specified in the *contingency gas requirement* (whether less than, equal to, or greater than the total quantity specified in the applicable *contingency gas offer* or *contingency gas bid*); ~~and~~

(ii)   the time at which any additional *contingency gas* would be available and the quantity of gas available at that time, and

(iii)   for an *STTM User*, the location of any customer facilities that would be used to make *contingency gas* available,

by the time and in the manner specified by *AEMO* in its request.

(fa)   A *Trading Participant* may, instead of confirming availability for its *contingency gas offer* or *contingency gas bid* as a whole, confirm the matters in paragraph (f) in respect of individual *price steps*, provided that:

(i)   the *Trading Participant* must not confirm a greater quantity of *contingency gas* for any *price step* other than the highest priced *price step* in its *contingency gas offer* or *contingency gas bid*;

(ii)   the *price steps* are associated with facilities that were registered under paragraph (g) at least 5 *business days* prior to the date of confirmation; and

(iii)   the *price steps* are consistent with the relevant information registered under paragraph (g).

(g)   A *Trading Participant* may register facilities for the purposes of confirming individual *price steps* by giving *AEMO* the following information:For the purposes of *rule* 445(2)(c), no other information is required to be provided by a *Trading Participant*.

(i)   (for an *STTM Shipper*) a description of each *STTM facility* and any other gas production facility it wishes to associate with a *price step*;

(ii)   (for an *STTM User*) a description of each customer facility it wishes to associate with a *price step*;

(iii)   the price to be specified in each *price step* associated with each facility;

(iv)   the maximum and minimum quantities of *contingency gas* that could be provided by each facility;

(v)   the maximum ramp rate for each facility; and

(vi)   any other information reasonably requested by *AEMO* for the purposes of associating *price steps* with specified facilities.

(h)   Subject to paragraph (i), ifIf the total quantity of *contingency gas* that a *Trading Participant* confirms can be provided by the time specified in the *contingency gas requirement* is:

(i)   less than the quantity specified in that *Trading Participant's contingency gas offer*, *AEMO* must set the availability of that *Trading Participant's price steps* in the relevant provisional *contingency gas offer stack* by reducing the quantities in *price steps* in order of decreasing price so that the total quantity across all *price steps* equals the reduced quantity available;

Note: A reduced quantity includes zero availability in the required timeframe, in which case the whole offer will be marked as unavailable and will not be *scheduled*.

(ii)   greater than the quantity specified in that *Trading Participant's contingency gas offer*, *AEMO* must set the availability of that *Trading Participant's* highest priced *price step* in the relevant provisional *contingency gas offer stack* so that the total quantity across all *price steps* equals the increased quantity available;

(iii)   less than the quantity specified in that *Trading Participant's contingency gas bid*, *AEMO* must set the availability of that *Trading Participant's price steps* in the relevant provisional *contingency gas*

bid stack by reducing the quantities in *price steps* in order of increasing price so that the total across all *price steps* equals the reduced quantity available; or

(iv) greater than the quantity specified in that *Trading Participant's contingency gas bid*, *AEMO* must set the availability of that *Trading Participant's* lowest priced *price step* in the relevant provisional *contingency gas bid stack* so that the total across all *price steps* equals the increased quantity available.

(i) If the *Trading Participant* has confirmed individual *price steps* under paragraph (fa), *AEMO* must set the availability of each *price step* in accordance with that confirmation (or to zero for any *price step* that was not confirmed).

9.5 Evidence of Delivery of *Contingency Gas*

9.5.1 Requirement for evidence

(a) For the purposes of rule 449(3), a *Trading Participant* must provide reasonable evidence, in accordance with the applicable provisions of this clause 9.5, of:

(i) the quantity of *contingency gas* provided by that *Trading Participant* on a *gas day*;

(ii) the location at which it was provided; and

(iii) the period of time over which it was provided.

(b) Evidence must be provided to *AEMO* no later than 40 *business days* after the end of the relevant *gas day*.

9.5.2 Demand side *contingency gas*

(a) For a *scheduled contingency gas offer* or *contingency gas bid* by an *STTM User*, the *STTM User* must provide evidence of:

(i) a reduction or increase in gas consumption at one or more identified customer facilities;

(ii) the initiation of the reduction or increase by an instruction issued by the *STTM User*;

(iii) the start and end time of the reduction or increase, including any period of ramping down or up; and

(iv) the quantity of gas that would ordinarily have been consumed or injected between those times.

(b)   Examples of the evidence that could be provided in relation to the matters in paragraph (a) include (as applicable):

(i)   metering data for the consumption of gas;

(ii)   metering data for any alternative fuel used during a reduction in gas consumption and conversion factors to derive gas equivalent usage rates;

(iii)   output or production data for the facility and conversion factors correlating with gas consumption; and

(iv)   historical metering or production data sufficient to establish a pattern of hourly gas consumption.

9.5.3   Supply side *contingency gas*

(a)   For a *scheduled contingency gas offer* or *contingency gas bid* by an *STTM Shipper*, the *STTM Shipper* must provide evidence of:

(i)   a reduction or increase in gas delivered to or withdrawn from the *hub* by that *STTM Shipper* using an identified *STTM facility*;

(ii)   the initiation of the reduction or increase by the *STTM Shipper*;

(iii)   the start and end time of the reduction or increase, including any period of ramping down or up; and

(iv)   the quantity of gas that would have been delivered or withdrawn in the absence of that reduction or increase.

(b)   Examples of the evidence that could be provided in relation to the matters in paragraph (a) include (as applicable):

(i)   hourly gas flow and pressure data;

(ii)   steps taken by the *STTM facility* operator to reduce or increase gas flow;

(iii)   renominations by the *STTM Shipper* and confirmation of acceptance by the *STTM facility* operator.

9.5.4   Pre-approval of evidence methodologies

(a)   A *Trading Participant* may apply to *AEMO* for pre-approval of a methodology to be used in evidence of the quantity of *contingency gas* provided on any *gas day* using a specified facility or type of facility and under given supply, demand or production conditions.

(b)   Within 20 *business days* of receiving an application under paragraph (a), *AEMO* must either:

(i)   approve or reject the proposed methodology; or

     (ii)   request the *Trading Participant* to provide further information as reasonably required to enable *AEMO* to assess the proposed methodology.

(c)   If *AEMO* has requested further information, *AEMO* must either approve or reject the proposed methodology within a further 20 *business days* from the date (or the latest date) on which *AEMO* receives all the requested information.

(d)   If *AEMO* rejects a proposed methodology, it must give the *Trading Participant* reasons for its decision.

(e)   *AEMO's* approval of a proposed methodology indicates that *AEMO* accepts that methodology as a legitimate means of establishing the quantity of *contingency gas* provided, but:

     (i)   does not imply that any particular value or assumption in that methodology, or the outcome of its application, is conclusive evidence of that quantity for any given *gas day*; and

     (ii)   does not prevent *AEMO* from requesting further evidence to establish that quantity.

CHAPTER 10 – SETTLEMENT

10.1 Settlement Equation Definitions

10.1.3 Mathematical terms

The following table defines all the mathematical terms used in the settlement equations.

Term	Definition
. . .	
CQPS(p,d,k,fd)	The quantity of *contingency gas AEMO* has determined to have been delivered under rule 449(3) for *Trading Participant* p (as an *STTM Shipper*) on *gas day* d on *market facility* k∈SP (an *STTM facility*) and in flow direction fd. This term may be positive or negative, where a positive value for supply to the *hub* increases net supply to the *hub*, while a positive value for withdrawal from the *hub* decreases net supply to the *hub*.
CQPU(p,d,k,fd)	The quantity of *contingency gas AEMO* has determined to have been delivered under rule 449(3) for *Trading Participant* p (as an *STTM User*) on *gas day* d on *market facility* k∈SN and in flow direction fd (fd="from" only).This term may be positive or negative, where a positive value for withdrawal from the *hub* decreases net supply to the *hub*.
. . .	

Term	Definition
LDQ(p,d)	The *long deviation quantity* for *Trading Participant* p at a *hub* on *gas day* d.
. . .	
RDevN(d)	A revised *deviation price* for a *short deviation quantity* at a *hub* on *gas day* d. This value is determined in clause 10.6B and applied only for the purposes of *contingency gas* resettlement.
RDevP(d)	A revised *deviation price* for a *long deviation quantity* at a *hub* on *gas day* d. This value is determined in clause 10.6B and applied only for the purposes of *contingency gas* resettlement.
. . .	
SDQ(p,d)	The *short deviation quantity* for *Trading Participant* p at a *hub* on *gas day* d.
. . .	

10.6 *Contingency gas* Payments and Charges

10.6A *Ad Hoc Charges* for *Contingency Gas* Resettlement

Explanatory Note

This clause describes how *AEMO* determines the amount payable by or to a *Trading Participant* where *AEMO* has determined under rule 449(3) that the *Trading Participant* has not provided the full quantity of *contingency gas* it was *scheduled* to deliver on a *gas day* and the *Trading Participant's deviation payments* or *deviation charges* do not fully account for the failure.

When *contingency gas* is called to increase supply to the *hub*:

(a)   the amount to be refunded by the *Trading Participant* is an *ad hoc charge* in accordance with clause 10.6A(a) calculated by determining the undelivered *contingency gas quantity* (the *scheduled contingency gas quantity* less any negative *deviation quantities* for that *market facility* and flow direction, less the delivered *contingency gas quantity* determined by *AEMO*) and charging for this quantity at the difference between the *high contingency gas price* and the *deviation price* for a *long deviation quantity*.

When *contingency gas* is called to decrease supply to the *hub*:

(b)   the amount to be refunded by the *Trading Participant* is an *ad hoc charge* in accordance with clause 10.6.A(b) calculated by determining the undelivered *contingency gas quantity* (the *scheduled contingency gas quantity* less any positive *deviation quantities* for that *market facility* and flow direction, less the delivered *contingency gas quantity* determined by *AEMO*) and paying for this quantity at the difference between the *low contingency gas price* and the *deviation price* for a *short deviation quantity*.

In each case, the *ad hoc charges* payable in respect of *contingency gas* resettlement will be distributed by way of *ad hoc payments* to other *Trading Participants* who are out of pocket as a result of the undelivered *contingency gas*, determined in accordance with clause 10.6B

See clause 10.8.2 for the calculation of *deviation quantities*.

(a)   The *ad hoc charge* for *Trading Participant* p in relation to a *scheduled* quantity of *contingency gas* to increase supply to the *hub* on *gas day* d is:

$$AHC(p,d) = MAX(0, (CGPH(d) - PDevPT(p,d,k)) \times$$

$$\{ \Sigma_{k \in SP} [MAX(0, (MAX(0, CQ^S(p,d,k, fd="to")) - MAX(0, -1 \times DQT(p,d,k)) - MAX(0, CQP^S(p,d,k\ fd="to"))))]$$

$$+ \Sigma_{k \in SP} [MAX(0, (MAX(0, -1 \times CQ^S(p,d,k, fd="from")) - MAX(0, -1 \times DQF(p,d,k)) - MAX(0, -1 \times CQP^S(p,d,k, fd="from"))))]$$

$$+ \Sigma_{k \in SN} [MAX(0, (MAX(0, -1 \times CQ^U(p,d,k, fd="from")) - MAX(0, -1 \times DQF(p,d,k)) - MAX(0, -1 \times CQP^U(p,d,k, fd="from"))))] \})$$

(b)   The *ad hoc charge* for *Trading Participant* p in relation to a *scheduled* quantity of *contingency gas* to decrease supply to the *hub* on *gas day* d is:

$$AHC(p,d) = MAX(0, (PDevNT(p,d,k) - CGPL(d)) \times$$

$$\{ \Sigma_{k \in SP} [MAX(0, (MAX(0, -1 \times CQ^S(p,d,k, fd="to")) - MAX(0, DQT(p,d,k)) - MAX(0, -1 \times CQP^S(p,d,k\ fd="to"))))]$$

$$+ \Sigma_{k \in SP} [MAX(0, (MAX(0, CQ^S(p,d,k, fd="from")) - MAX(0, DQF(p,d,k)) - MAX(0, CQP^S(p,d,k\ fd="from"))))]$$

$$+ \Sigma_{k \in SN} [MAX(0, (MAX(0, CQ^U(p,d,k, fd="from")) - MAX(0, DQF(p,d,k)) - MAX(0, CQP^U(p,d,k\ fd="from"))))] \})$$

10.6B *Ad Hoc Payments* for *Contingency Gas* Resettlement

(a)   If an *ad hoc charge* is payable by a *Trading Participant* under clause 10.6A, an equivalent amount is to be distributed to *Trading Participants* at the relevant *hub* by way of *ad hoc payments* determined under paragraph (b).

(b)   The *ad hoc payment* for *Trading Participant* p on *gas day* d depends on the *Trading Participant's deviation quantity* (whether short or long) and the nature of the relevant *contingency gas requirement* (whether for increased or decreased supply to the *hub*), and is determined as follows:

(i)   Calculate the Trading Participant's short deviation quantity for the relevant hub and gas day (SDQ(p,d)):

$$SDQ(p,d) = \Sigma_{k \in SP} [MAX(0, -1 \times DQT(p,d,k))] + \Sigma_{k \in SP} [MAX(0, -1 \times DQF(p,d,k))] + \Sigma_{k \in SN} [MAX(0, -1 \times DQF(p,d,k))]$$

(ii)   Calculate the Trading Participant's long deviation quantity for the relevant hub and gas day (LDQ(p,d)):

$$LDQ(p,d) = \Sigma_{k \in SP} [MAX(0, DQT(p,d,k))] + \Sigma_{k \in SP} [MAX(0, DQF(p,d,k))] + \Sigma_{k \in SN} [MAX(0, DQF(p,d,k))]$$

(iii)   *Trading Participant's ad hoc payment* where *contingency gas* was required to increase supply to the *hub*:

$$AHP(p,d) = MAX(0, MIN(PDevNT(p,d,k) - RDevN(d), \Sigma_p\ AHC(p,d) / \Sigma_p\ SDQ(p,d)) \times SDQ(p,d))$$

Where:

RDevN(d) is the revised *deviation price* for a *short deviation quantity*, as described below; and

AHC is the *ad hoc charge* payable under clause 10.6A.

If a *Trading Participant* does not deliver *contingency gas* as *scheduled*, this may result in a requirement to schedule additional *contingency gas*.RDevN(d) is determined by adjusting the *high contingency gas price* and recalculating the *deviation price* applicable to a *short deviation quantity* on the *gas day*. The adjusted *high contingency gas price* excludes any additional *contingency gas* that was *scheduled* to replace the *contingency gas* that was not delivered.

(iv) *Trading Participant's ad hoc payment* where *contingency gas* was required to decrease supply to the *hub*:

$$AHP(p,d) = MAX (0, MIN(RDevP(d) - PDevPT(p,d,k), \sum p AHC(p,d) / \sum p LDQ(p,d)) \times LDQ(p,d))$$

Where:

RDevP(d) is the revised *deviation price* for a *long deviation quantity*, as described below; and

AHC is the *ad hoc charge* payable under clause 10.6A.

If a *Trading Participant* does not deliver *contingency gas* as *scheduled*, this may result in a requirement to schedule additional *contingency gas*. RDevP(d) is determined by adjusting the *low contingency gas price* and recalculating the *deviation price* applicable to a *long deviation quantity* on the *gas day*. The adjusted *low contingency gas price* excludes any additional *contingency gas* that was *scheduled* to replace the *contingency gas* that was not delivered.