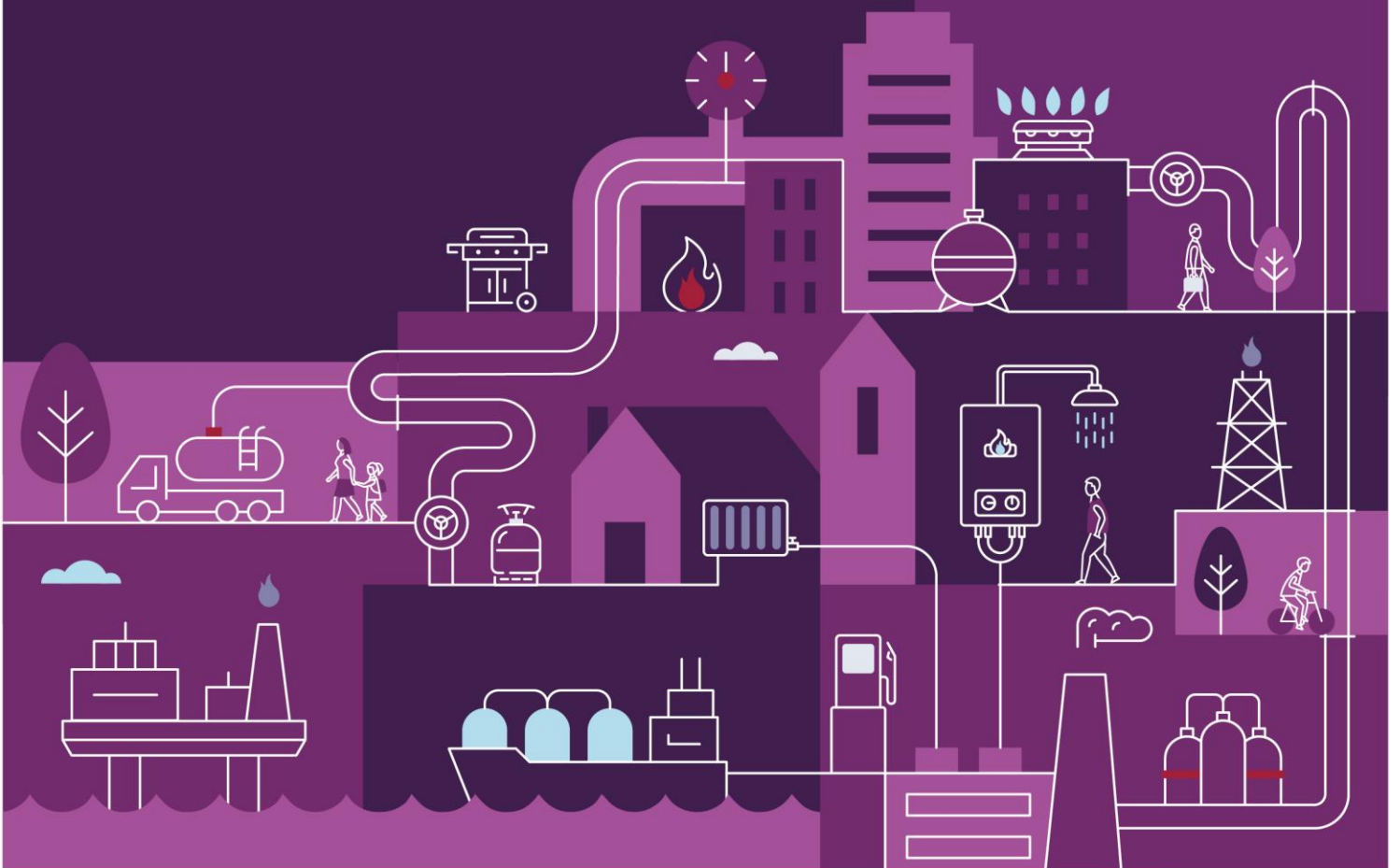


Short Term Trading Market (STTM) Contingency Gas Trigger Event

December 2023

Gas Day 29 October 2023

A report into the STTM Contingency Gas Trigger Event



Important notice

Purpose

AEMO has prepared this report in accordance with rule 497 of the National Gas Rules (Rules) information available as at 8 December 2023, unless otherwise specified.

Disclaimer

This document or the information in it may be subsequently updated or amended. This document does not constitute legal or business advice and should not be relied on as a substitute for obtaining detailed advice about the National Gas Law, the National Gas Rules, or any other applicable laws, procedures or policies. AEMO has made every effort to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness. Any views expressed in this report are those of AEMO unless otherwise stated, and may be based on information given to AEMO by other persons.

Accordingly, to the maximum extent permitted by law, AEMO and its officers, employees and consultants involved in the preparation of this report:

- make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this report; and
- are not liable (whether by reason of negligence or otherwise) for any statements or representations in this report, or any omissions from it, or for any use or reliance on the information in it.

Copyright

© 2023 Australian Energy Market Operator Limited. The material in this publication may be used in accordance with the [copyright permissions on AEMO's website](#).



Contents

1	Event Summary	1
2	Assessment of event	1
2.1	Description of CG trigger event	1
2.2	Market Impacts of the CG Trigger Event	2
3	Adequacy of Part 20 of the NGR	2
3.1	Review of Division 8 – Contingency Gas	2
3.2	NGR 497 AEMO to report on reviewable events	3
4	Review of AEMO's actions	3
5	Actions taken by participants and facility operators	4
6	Conclusion	4
A1.	Chronology of events	5

1 Event Summary

On 28 October 2023, a Contingency Gas (CG) Event for gas day 29 October 2023 was triggered due to damage to the Jemena owned and operated Eastern Gas Pipeline (EGP) between Kembla Grange and O'Briens Gap, resulting in a gas leak¹. The expected capacity impact downstream of Kembla Grange was 350 TJ/day, adversely impacting gas supply to the Sydney hub. Following notification of this incident, AEMO held a CG Assessment Conference with facility operators and determined that the Moomba to Sydney Pipeline (MSP) could cover the 95 TJ EGP delivery shortfall into the Sydney hub.

During the CG Industry Conference, AEMO sought a market response to renominate the shortfall quantity from the EGP to the MSP, in addition to already scheduled quantities. AEMO requested for nominations to be made by 6:30 pm AEST to enable AEMO to assess whether further action would be required.

At 7:22 pm AEST on 28 October 2023 AEMO issued a market notice stating that CG would not be required due to sufficient renominations.

AEMO has assessed this event under rule 497 of the NGR. All times are in AEST (Australian Eastern Standard Time).

Appendix 1 includes a chronology of events.

2 Assessment of event

For gas day 29 October 2023, 215 TJ of gas was scheduled to be supplied into the Sydney hub, and 53 TJ was to be withdrawn from the hub, resulting in a net quantity of 162 TJ. The EGP was scheduled to supply a net quantity of 95.4 TJ into the hub.


Jemena advised AEMO that repairs to the EGP would require isolation and blowdown of the impacted section of the pipeline. As a result, EGP flows into the Sydney hub through the Horsley Park and Wilton delivery points would be 0 TJ for Gas Day 29 October 2023. Jemena advised that EGP supply to the Albion Park and Kembla Grange delivery points would not be impacted.

2.1 Description of CG trigger event

The events that led into the CG trigger event on Gas Day 29 October 2023 were:

1. At 11:30 am AEST on 28 October 2023, AEMO published the ex-ante market schedule for gas day 29 Oct 2023.
2. At 2:00 pm AEST on 28 October 2023, AEMO received notification from Jemena that the EGP capacity would decrease to 0 TJ/hr from 7 am on 29 October 2023 due to work to repair a leak on the main pipeline north of Kembla Grange.

¹ Jemena, 2023. "Repairs Underway on Eastern Gas Pipeline." At "<https://www.jemena.com.au/about-us/news-media/2023/repairs-underway-on-eastern-gas-pipeline>." Viewed: 28 Oct 2023.

- 
3. AEMO determined that this event satisfied the requirements of a CG Trigger event under NGR 440(1)(c) – an event upstream of an STTM distribution system that could reasonably be expected to adversely affect the supply of natural gas to that STTM distribution system.

AEMO convened CG assessment and industry conferences as per NGR 442 and 443.

Following the market response, there was still an estimated shortfall of ~10 TJ still remaining, however AEMO determined that CG was not needed, and that the estimated ~10 TJ shortfall could be met by MOS.

2.2 Market Impacts of the CG Trigger Event

On D-1, AEMO produces the formal market schedule and prices, which sets a single daily ex ante market price for all gas at the STTM hub. After the market schedules are published, shippers submit nominations to the pipeline operators in accordance with their contractual agreements.

While this process is intended to encourage participants to align nominations with market scheduled quantities, the 28 October CG trigger event occurred after the publication of the ex-ante schedule for gas day 29 October. Consequently, AEMO sought a market response for the shortfall quantity to be renominated and supplied from the MSP.

For gas day 29 October 2023, the ex-ante demand forecast for the Sydney hub was 161.8 TJ, with 65.6 TJ of net flow into the hub coming from the MSP, 95.4 TJ net flow into the hub from the EGP, and small quantities from the Newcastle Gas Storage Facility and the Malabar Biomethane Injection Plant.

Following the activation of the CG process and the subsequent gas flow renominations, the MSP allocated net flow into hub for gas day 29 October was 128 TJ, the EGP allocated net flow was 37.3 TJ, with a Sydney hub allocation of 167 TJ. Allocated MOS quantities included 13 TJ of Increase MOS from the EGP and 24.3 TJ of Decrease MOS from the MSP. The market was long 10 TJ for the day.

In terms of settlement impacts, total MOS service payment for gas day 29 October 2023 was \$66,020 which was 62% higher than the average for the 2023 calendar year to the end of October. The renomination process required to resolve this CG event resulted in a higher volume of market schedule variations for this gas day. The modified market schedule resulted in deviation payments and charges of \$316,856 and \$204,205 respectively, which are 2.92 times and 1.13 times higher than the average for the 2023 calendar year to the end of October.

3 Adequacy of Part 20 of the NGR


In respect to this event, AEMO has assessed the application and adequacy of the NGR, with a primary focus on the following provisions:

- Review of Division 8 – Contingency Gas
- NGR 497 AEMO to report on reviewable events

3.1 Review of Division 8 – Contingency Gas

NGR 493 requires AEMO to conduct a review of the operation of Division 8 after the last gas day in respect of which CG was scheduled in respect of the first contingency gas trigger event under that Division. As CG was not required in this event, this assessment is not required.

AEMO acknowledges the Traditional Owners of country throughout Australia and recognises their continuing connection to land, waters and culture. We pay respect to Elders past, present and emerging.



AEMO after evaluating the associated Rules provisions, confirms their adequacy in effectively managing this event.

3.2 NGR 497 AEMO to report on reviewable events

NGR 497 requires AEMO to publish a report within 30 business days after the conclusion of a reviewable event. AEMO has adopted the following approach to reporting on these events, wherever possible:

- Investigate and publish a report based on immediately available data within 30 business days of the relevant event.
- Where not all information necessary to complete the required assessment is available, extend the period for publication of a report on a reviewable event, with a final report to be published once the additional information is received and analysed by up to a further 30 business days (NGR 497 (1A)).

For the purposes of this report, AEMO believes it has all necessary information and does not intend to publish a subsequent report.

4 Review of AEMO's actions

AEMO's market communications through the STTM market notifications broadly operated as expected for this event. However, a Gas Supply Guarantee (GSG) industry conference notice was incorrectly sent, which was promptly corrected. Apart from this, timely and effective notifications were provided to STTM participants regarding the CG trigger event.

Following the initial market notice, AEMO convened assessment and industry conferences to discuss the CG trigger event.

At the CG assessment conference, discussion revolved around the extent of the shortfall and the facilities' capability to respond. AEMO determined that there was sufficient MSP supply capacity available to address the EGP delivery shortfall for gas day 29 October.

Subsequently, at the CG industry conference, AEMO outlined the CG trigger event and the magnitude and timing of pipeline flow re-nominations that would be required to respond to the event.

AEMO requested participants to re-nominate their supply to facility operators by 6:30 pm AEST on 28 October 2023 to provide time for AEMO to determine whether renominated flows would be sufficient.

At 7:22 pm AEST, AEMO issued a market notice confirming that CG was not required due to sufficient market participant renominations.

AEMO considers that trading participants were given sufficient information during this process to resolve this CG event.



5 Actions taken by participants and facility operators

Facility operators provided sufficient information to AEMO during the assessment conference at 4:15 pm AEST on 28 October 2023 to enable AEMO to assess that the CG event could be addressed by increased gas supply from the MSP. AEMO was able to provide sufficient information to trading participants to resolve the event.

Participants attended the industry conference convened by AEMO at 5:15 pm AEST on 28 October 2023. A 95 TJ shortfall, based on nominations at the time, was communicated to trading participants. Following the conference, participants renominated supply. The response of trading participants enabled AEMO to determine that CG was not required.

6 Conclusion

On 28 October 2023, a CG trigger event under NGR 440(1)(c) occurred on the EGP that impacted supply to the Sydney hub. Following the assessment and industry conferences, renominations by trading participants facilitated by the CG process resolved the event.

AEMO has assessed the application and adequacy of associated Rules provisions, and confirms their adequacy in effectively managing this event.

Please direct any feedback or questions regarding this report to GasMarket.Monitoring@aemo.com.au.

A1. Chronology of events

Table below sets out the chronology for events impacting gas day 29 October 2023.

Date/Time (AEST)	Event/Action	Details
28 October 11:30 am	Ex-ante schedule published	AEMO publishes ex ante schedules for Gas Day 29 October 2023
28 October 2:00 pm	AEMO received notification from Jemena of the EGP capacity reduction	AEMO received notification from Jemena that the EGP capacity would go to 0 TJ/day from 7 as on 29 October 2023 to repair a leak on the main pipeline north of Kembla Grange.
28 October 3:47 pm	AEMO triggers a CG Event and issues an STTM Market Notice	AEMO issued a CG trigger event notice
28 October 3:56 pm	AEMO invitation to CG Assessment Conference	Invitation sent to Sydney hub STTM Facility Operators and Distributor
28 October 4:15 pm	CG Assessment Conference	CG Assessment Conference held.
28 October 4:46 pm	AEMO invitation to industry conference	Invitation sent to all Sydney STTM Trading Participants, Facility Operators, Distributor, and Jurisdictional Representatives.
28 October 5:15 pm	CG Industry Conference	CG Industry Conference held.
28 October 6:30 pm	AEMO requested deadline for market response	AEMO sought a market response to renominate the shortfall quantity from the MSP, in addition to already scheduled quantities. Nominations were requested to be made by 6:30 pm AEST
28 October 7:05 pm	CG determination published	AEMO published the CG determination on the AEMO website (link)
28 October 7:22 pm	STTM market notice for CG determination	AEMO published a market notice informing participants that CG was not required at the Sydney hub for gas day 29 October 2023.