

November 11 – 17 2012

Adelaide Hub Flow Direction Constraint Price

The first ever STTM flow direction constraint price occurred at the Adelaide hub on 11 November (the gas day). A gas (forward haul) offer priced higher than the ex ante price on the Moomba to Adelaide Pipeline (MAP) was scheduled for delivery to the Adelaide hub to facilitate an ex ante (backhaul) bid being scheduled from the hub on MAP.

The ex ante price for the gas day was \$3.50/GJ and 53 TJ of gas was scheduled for delivery to Adelaide. On this day only 2 TJ of gas offers made on MAP were priced at or under \$3.50/GJ (compared to 48.3 TJ on SEAGas); however 5TJ of gas was bid for withdrawal on MAP above \$3.50/GJ.

Despite only 2 TJ of MAP gas offers being under the ex ante price; the ex ante schedule for the gas day scheduled 5 TJ of forward haul and 5 TJ of backhaul to the MAP. This outcome reflected that there were participants willing to purchase backhaul gas above the ex ante price, and participants who wished to supply this gas, at a price on MAP lower than that bid price. The equal nature of 5 TJ being scheduled for forward haul and backhaul reflected the principle that on any pipeline the quantity of scheduled backhaul gas cannot exceed the quantity of scheduled forward haul gas.

On the gas day, there was a 3.6 TJ offer from Origin Energy priced at \$3.6905/GJ. Simply Energy had submitted two bids, one for 2.5 TJ at \$4.1188/GJ (1.4 TJ of which had already been scheduled in the ex ante schedule, which left 1.1 TJ outstanding) and the other for 2.5 TJ at \$3.7088/GJ.

The AEMO Scheduling Pricing Algorithm matched the 3.6 TJ Simply Energy bids with the 3.6 TJ Origin Energy offer, and created a PFDC price of 0.1905/GJ (the difference between the ex ante price and Origin Energy's offer price). The PFDC price represents the net market benefit of the transaction between Origin and Simply Energy.