

## EPIC ENERGY PENALISED FOR DATA FAILURES

The Australian Energy Regulator has penalised Epic Energy (**Epic**) \$20,000 for submitting incorrect pipeline data to the Australian Energy Market Operator (**AEMO**).

In September 2010, two new wholesale gas hubs known as Short Term Trading Markets (**STTM**) commenced in Adelaide and Sydney with an additional hub in Brisbane being added in December 2011.

“For these markets to work, it is essential that the information provided and published is on time and accurate. This is an issue the AER has been monitoring from market start,” AER chairman Andrew Reeves said.

Epic’s error involved submitting incorrect data to AEMO on 90 occasions between November 2010 and October 2011. The incorrect data related to quantities of gas delivered along the Moomba to Adelaide Pipeline (**MAP**) to the Adelaide STTM.

The error was caused by the formula used by Epic to calculate gas deliveries. On days when backhaul gas was scheduled from Adelaide on MAP, the formula incorrectly calculated the amount of gas delivered to Adelaide. The formula error resulted from failures in Epic’s IT governance, and review and testing processes.

Epic’s conduct resulted in AEMO having to resettle the gas volumes for the 90 gas days and reissue revised monthly statements to each gas participant trading in the Adelaide hub. Epic’s error had an irreversible effect on ex-post (end of day) gas prices in the Adelaide STTM hub meaning financial outcomes on those gas days were ad-hoc outcomes rather than efficient outcomes.

Rule 369 of the National Gas Rules requires Epic to submit information and data to AEMO in accordance with good gas industry practice. As a civil penalty provision, the AER can issue an infringement notice when it has reason to believe the rule has been breached. The infringement notice was issued for the 24 October 2011 gas day.

The AER served an infringement notice for the breach on 1 June 2012. Epic paid the \$20,000 on 18 June.

The payment of an infringement notice penalty is not an admission of a contravention of the National Gas Rules. However, the AER can issue an infringement notice where it has reasonable grounds to believe that there has been a contravention of these rules.

The AER has published an investigation report, available at <http://www.aer.gov.au/node/16216>

### Media inquiries

**Mr Andrew Reeves, AER Chairman, 0419 397 956**

**Mr Duncan Harrod, media unit, (02) 6243 1108 or 0408 995 408**

### General inquiries

**Infocentre: 1300 302 502**

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