

AP 325 -EUAA – Participation in Gas Market Leaders Group (GMLG) establishment of Short-term Trading Market (STTM)

Chronology of actions and contacts as at 8 July 2009

Date	Action
15/8/08	<p>Application lodged for funding to engage a consultant to</p> <ul style="list-style-type: none"> <li>o Prepare for and attend meetings of STTM Steering Committee (in person in Melbourne) and STTM Working Groups (mostly by phone) as an end-user representative; and</li> <li>o Prepare a midway milestone report to the EUAA and a final assessment of the overall process and outcomes with recommendations for further actions.</li> </ul>
4/9/08	<p>Application approved – grant was for \$41,000, comprising \$36,000 for consultant's participation and preparation time, and up to \$5000 for travel expenses (to be reimbursed as incurred). The payments were to be made in six equal monthly instalments of a maximum of \$5000, and a final payment of \$6000.</p>
27/11/08	<p>EUAA invoice 3514 for work done in October 2008 for \$12100 was sent to Panel with a covering letter that referred to email of 26/11/09 that outlined explanation (email was incorrectly sent to CUAC address and was received 2/12). My notes indicate I rang Roman to ask about email as I hadn't seen it. He said that he had not been advised by Ross Calvert of the additional work until after the event. He was embarrassed about the mistake but at that stage was reluctant to seek an amendment to the grant.</p>
2/12/08	<p>Received Roman's original email, which advised that when EUAA made the application there was little detail available about the process (ie how many meetings would be held). He said that expenditure on the project greatly exceeded the budget, because there had been a number of workshops around the development of the STTM and papers involved more reading time than envisaged. The consultant thought there could be similar workloads in other months, in order for the GMLG to meet its timetable.</p>
17/1/09	<p>KC sends memo to Panel for an out-of-session decision asking for members' approval to 1) pay the invoice, but 2) write to the EUAA formally to advise that</p> <ul style="list-style-type: none"> <li>o Panel expects EUAA to implement mechanisms with the consultant to prevent a similar over-spend</li> <li>o Panel anticipates application to increase the total quantum of the grant would be received in time for consideration at a scheduled Panel meeting.</li> </ul>
29/1/09	<p>The following resolution by circulation was minuted for the Panel's meeting on 29 January</p> <p>In a resolution by circulation, the Panel resolved that the Panel approve payment of the invoice for October of \$12,927.43 (including GST), which represents the consultant's participation in meetings and associated travel expenses, and that KC would formally advise the EUAA that</p> <ul style="list-style-type: none"> <li>o The Panel expects the EUAA to implement mechanisms with the consultant to prevent a similar over-spend;</li> <li>o The Panel expects that the EUAA consider its members' priority interests in deciding whether EUAA participation in specific meetings is warranted, with the objective of keeping the overall spend on this project to the amount originally granted;</li> <li>o The funding agreement tranches will now be : <ul style="list-style-type: none"> <li>a. o One initial monthly payment of \$12,100</li> <li>b. o Four monthly payments of a maximum of \$5000 per month</li> <li>c. o One final payment of \$3,900</li> <li>d. o Reimbursement of travel expenses to a maximum amount of \$5000</li> </ul> </li> </ul>

Date	Action
2/2/09	<p>KC sends letter to EUAA providing the following advice</p> <ul style="list-style-type: none"> <li>o The Panel expects the EUAA to implement mechanisms with the consultant to prevent a similar over-spend;</li> <li>o The Panel expects that the EUAA consider its members' priority interests in deciding whether EUAA participation in specific meetings is warranted, with the objective of keeping the overall spend on this project to the amount originally granted;</li> <li>o The revised funding agreement tranches will now be : <ul style="list-style-type: none"> <li>o One initial monthly payment of \$12,100</li> <li>o Four monthly payments of a maximum of \$5000 per month</li> <li>o One final payment of \$3,900</li> <li>o Reimbursement of travel expenses to a maximum amount of \$5000</li> </ul> </li> </ul>
23/3/09	<p>KC sent following message to EUAA (verbatim)</p> <p>This is just to notify you that the portion of the grant for consultant's fees relating to AP 325 is now fully expended, according to my records [and I attached a spreadsheet that outlined invoices and payments].</p> <p>No further activity should be undertaken without seeking the Panel's approval first.</p>
7/4/09	<p>EUAA emailed back – (slightly summarised) response was:</p> <p>EUAA had been operating on the assumption that the Panel had approved higher payments for one month and this was added to the total funds for the project. However, a check of emails suggests that this is not the case and the funds have been expended.</p> <p>This creates a problem in terms of completing the project and we therefore wish to formally seek the Panel's agreement to increase the funding allocation by allowing work to continue until the end of the work of the STTM Steering Group and Working Group. This had initially been expected in April but has now been extended until at least July this year. The further work will be to continue to develop the detail of the market design as modelling work proceeds and will also interact with Market Rules development. We have discussed this with the STTM Secretariat and I have discussed it with the consultant. On this basis, EUAA considers the additional work is material to the interests of users and it would not be beneficial for our involvement to cease at this time. There are 2 reasons:</p> <ul style="list-style-type: none"> <li>o Key decisions on directions are being made, including – more detail on Market Operator Service, including tendering process; modelling of penalties for deviations and variations; determination of cumulative price threshold; modelling of various market parameters include VOLL and minimum market prices.</li> <li>o Original project included a final report to be provided to EUAA and Panel setting out what had been achieved by the project and STTM and how users would benefit. As there is no money left and all further work has ceased, this cannot be provided.</li> <li>o Project is being extended to at least July 2009 and requires additional end user input.</li> </ul> <p>Consultant has undertaken some additional work since the last invoice was submitted, based on his understanding that the Panel had increased funding for the project by approving the higher payment for one month.</p> <p>EUAA request for additional funding covers</p> <ul style="list-style-type: none"> <li>o Participation in work of the STTM Steering Group and Working Group for March (consultant has already undertaken 5 days work in March</li> </ul>

	<p>before email was received), April, May, June and July at \$5000 per month</p> <ul style="list-style-type: none"> <li>o Preparation of a report on the project by end August at \$5000</li> <li>o Additional travel costs component of \$1000.</li> </ul> <p>As work is proceeding, it would be advantageous to have an answer on this as soon as practicable.</p>
8-20/4/09	<p><i>NB – Panel approved new funding approach for EUAA, which meant that I did not respond to above and which also helped to delay its transmission out to the Panel.</i></p>
20/4/09	<p>EUAA emailed to ask for progress – no response was sent as advice to EUAA on new funding approach was being finalised.</p>
21/4/09	<p>Email conveying the EUAA's response was sent to Panel for out-of-session resolution as one of three grants for decision. The brief relating to this grant contained an outline of action taken thus far, and asked the following questions</p> <ol style="list-style-type: none"> <li>1. How does the Panel deal with mismanagement? Is there a need to convey more strongly to the applicant that the onus for meeting the conditions of the grant is on it, given that EUAA has not taken on board the Panel's previous comments; <ul style="list-style-type: none"> <li>o The Panel has few sanctions available, but possible remedies could include some of the following <ul style="list-style-type: none"> <li>▪ For funding not to be approved in light of past performance;</li> <li>▪ for the Panel to fund only the work going forward (ie Apr -June) and let EUAA assume liability for the outstanding work</li> <li>▪ for the Panel Chair to write in stronger terms to the EUAA Chair expressing concern at the way in which this grant has been managed.</li> </ul> </li> </ul> </li> <li>2. Does the Panel wish to fund the work for 2009/10 or should it request EUAA to prioritise this work within the global amount for July and August? EUAA does have other approved funding agreements in place with work that will occur into 2009/10 and the Panel has not sought to amend those terms.</li> </ol>
14/5/09	<p>As there was no consensus reached by email on the decision, it was tabled for discussion at the Panel's meeting on 14 May. At that meeting, the Panel agreed that it should seek further information from EUAA for consideration at its next meeting</p> <ul style="list-style-type: none"> <li>o An explanation of the funding sought; and</li> <li>o Receipt of the milestone report, which was part of the original project proposal.</li> </ul>
Sometime between 20/4 and 29/5/09	<p>EUAA sent brief email seeking status of Panel decision – Outlook has not recorded date (a problem we're now looking into).</p>
29/5/09	<p>KC sent email to EUAA advising of Panel resolution on 14 May, and offering to circulate this as out-of-session decisions because of delay due to illness.</p>
2/6/09	<p>EUAA sent copy of report, and advised that there was work undertaken in March-April and he would have to ask the consultant about May as he was currently overseas.</p>
12/6/09	<p>KC emailed EUAA asking for confirmation of exact amount of funding sought.</p>

Date	Action
3/7/09	<p>KC provided brief to Panel for discussion at its meeting, outlining actions and providing following advice:</p> <p>EUAA provided following information the following to me on 2 July by email:</p> <ul style="list-style-type: none"> <li>o March: 4 days plus \$367.93 expenses (Note: Flight to Melbourne was booked and paid for before 'hold' request from Panel.) <ul style="list-style-type: none"> <li>o [NB - the 'hold' request was an email from me to Roman advising the grant was fully expended]</li> </ul> </li> <li>o April: 4 days</li> <li>o May: 2 days</li> <li>o June: 4 days</li> <li>o July: 4 days (which we have been advised will complete the work of the STTM Steering Committee and Working Group)</li> <li>o Please note that there may be some additional expenses for travel but I would envisage no more than \$1,000.</li> <li>o I think the total is therefore \$14,000 plus any expenses</li> </ul>
8/7/09	<p>Panel requested chronology of actions and contact with EUAA be developed, to enable it to make an informed decision.</p>