

Amendment of the DAA Record Keeping Guideline

Draft decision

June 2024

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Request for submissions

Interested parties are invited to make written submissions to the Australian Energy Regulator (AER) about this paper via email to [AERGasMarketsPipelineCapacityTrading@aer.gov.au](mailto:AERGasMarketsPipelineCapacityTrading@ aer.gov.au) with the subject line 'Day Ahead Auction Record Keeping Guideline Version 2 – draft decision submission' by close of business, 5 July 2024.

Alternatively, submission can be mailed to:

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Submissions should be in PDF, Microsoft Word or another text readable document format. Late submissions may be considered.

The AER prefers that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will be treated as public documents unless marked confidential.

Parties wishing to submit confidential information are requested to:

- Clearly identify the information that is the subject of the confidentiality claim,
- Provide a non-confidential version of the submission in a form suitable for publication.

All non-confidential submission will be placed on the AER's website. For further information on the AER's use and disclosure of information provided to is, see the [ACCC/AER Information Policy](#), June 2014.

Enquires about this paper, or about lodging submissions, should be directed to the AER at [AERGasMarketsPipelineCapacityTrading@aer.gov.au](mailto:AERGasMarketsPipelineCapacityTrading@ aer.gov.au) with the subject line 'Day Ahead Auction Record Keeping Guideline Version 2 – draft decision enquiry'.

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Glossary

Term	Definition
AER	Australian Energy Regulator
AEMO	Australian Energy Market Operator
DAA	Day Ahead Auction/Capacity Auction
Guideline	Nominations and Scheduling Records Guideline and Renomination Records Guideline (together, the Record Keeping Guideline)
Information Standard	Part 24 Information Standard
NGL	National Gas Law
NGR	National Gas Rules
Renomination records	Contemporaneous Renomination Records
Shipper	Transportation Facility User
Facility operator	Auction Facility Operator

Summary

This draft decision paper outlines the proposed amendments to the Day Ahead Auction (DAA) Record Keeping Guideline.

The changes aim to enhance the quality of information received in accordance with the Guideline, and to aid facility operator and transportation facility user compliance with the National Gas Rules (NGR) and the National Gas Law (NGL).

To facilitate the AER's oversight of the DAA:

- *facility operators* are required to keep specified nomination, renomination and scheduling data and information for specified facilities,¹ and
- transportation facility users (shippers) must make, maintain and keep a contemporaneous record of material renominations (renomination records) of firm and auction services for those specified facilities.

The proposed amendments to the Guideline consist of:

- amendments to how facility operators and shippers routinely report data and information to the AER,
- time stamps and 24 hour format,
- classification categories,
- minor wording changes for clarity and consistency, and
- new explicit references to the AER's market conduct monitoring roles, self-reporting guidelines and enforcement options available to the AER.

The AER is proposing a three month implementation period from the date of publication of the revised Guideline. This implementation period will enable gas market participants to ask any questions they have prior to the Guideline coming into effect and to make any changes required as a result of the proposed amendments to the Guideline.

The AER sought stakeholder submissions on amendments it proposed for consultation.⁷ Submissions were received and used to formulate the draft amendments in this document.

¹ The facilities are specified under the NGR in AEMO's transportation service point register - <https://www.aemo.com.au/-/media/files/gas/pipeline-capacity/2019/transportation-service-point-register-march-2020.pdf?la=en>

These submissions have been published² on the AER's website where they can be accessed by the public. We thank stakeholders for their engagement and note that their submissions have had a material impact in the formulation of these amendments.

We have published an annotated Draft Day Ahead Auction Record Keeping Guideline with this Version 2 which includes significant additions and deletions but not all stylistic changes.

² <https://www.aer.gov.au/wholesale-markets/guidelines-reviews/day-ahead-auction-record-keeping-guideline-2023/initiation>

1 Purpose

The AER is empowered under clauses 665(3) and 666(5) of the NGR to develop and publish Nomination and Scheduling Guidelines and Renomination Records Guidelines (collectively referred to as the “Record Keeping Guideline” or “Guideline”).

The purpose of the DAA Record Keeping Guideline is to create binding, enforceable obligations on auction facility operators (facility operators) and shippers to make and maintain nomination, renomination, scheduling and rescheduling records.

On 29 November 2018, the AER published the initial DAA Record Keeping Guideline which came into effect on 1 March 2019.

Clauses 665(3) and 666(5) of the NGR allow the AER to make amendments to the Guideline from time to time in accordance with the requirements of the NGR.

This draft decision paper provides a summary of proposed amendments to the initial DAA Record Keeping Guideline. The changes presented in this paper are a combination of ones that stakeholders have raised with us, or that we have identified.

The aim of these proposed amendments to the Guideline is to set out obligations on facility operators and shippers more clearly to improve the quality of information received in accordance with the Guideline, and to aid compliance with the NGR and the NGL.

2 Background

The Day Ahead Auction, which is referred to as the capacity auction in the NGR and NGL, plays an important role in promoting efficiency within the gas market by providing market participants access to contracted but unused transport capacity. By counteracting contractual congestion, the Auction makes it easier for gas suppliers to make gas available to consumers. The Day Ahead Auction Record Keeping Guideline is designed to make clear market participants' obligations to keep records. Adherence to the guideline gives market participants assurance that they are compliant with those obligations. Furthermore, the maintenance of accurate, comprehensive and consistent record keeping enables the AER to monitor participant conduct and ensure the orderly functioning of the auction.

The AER's general functions and powers, to monitor and enforce compliance with the NGR and the NGL, are outlined in section 27 of the NGL.

The AER's functions with respect to the DAA include:

- monitoring that operators for an auction facility ensure that the terms and conditions for use of an auction service provided by means of an auction facility, and the scheduling process for the auction facility, give effect to the auction service priority principles in rule 651.³
- monitoring day-ahead nominations, renominations and activity in the capacity auction to ensure that transportation service providers, auction participants and shippers comply with the DAA market conduct and nomination rules;⁴
- monitoring auction participant activities in connection with the capacity auction to ensure auction participants:
 - a) comply with all applicable laws relevant to the performance of their obligations;
 - b) do not act fraudulently, dishonestly or in bad faith; and
 - c) do not engage in any conduct with the intent of distorting or manipulating prices (including reported prices) or the outcomes of the capacity auction or misleading any person.⁵
- monitoring transportation service provider conduct to ensure compliance with the requirement to not engage in any conduct with the intent of distorting or manipulating prices in the capacity auction.⁶
- monitoring shipper nominations and renominations to ensure that they are not false, misleading or likely to mislead.⁷

³ NGR, cl.650(2)

⁴ NGR, cl. 664(1).

⁵ NGR, cl. 661(1).

⁶ NGR, cl. 661(2) and cl. 661(3).

⁷ NGR, cl. 663(1).

- monitoring compliance in relation to other aspects of Part 25 of the NGR including submission of data and information in accordance with the Part 24 information standard and adherence to the auction service priority principles.⁸

To facilitate oversight of the DAA, facility operators and shippers are required to keep specified nomination, renomination and scheduling data and information. Shippers must create, maintain and keep a contemporaneous record of material renomination (renomination records) of firm and auction services.

The AER was required to publish the initial DAA Record Keeping Guideline before commencement of the Day Ahead Auction in March 2019 and while the AER consulted on the requirements at the time, it was recognised that changes might be required.

The AER has routinely engaged with facility operators on the records they submit monthly, in some cases leading to changes to how data has been presented to better comply with the Guideline.

Since 2019, the AER has conducted four separate ad-hoc industry-wide shipper requests for renomination records. Matters raised through these processes form the basis for most of the proposed amendments to the Guideline noted below.

⁸ The auction service priority principles are set out in the NGR in clause 651.

3 Summary of consultation process

On 13 April 2023, the AER released a Notice of Consultation on the amendments to the DAA Record Keeping Guideline and published a Consultation Paper seeking stakeholder feedback on our proposed amendments to the Guideline. Eight submissions were received in response to the Consultation Paper and the feedback received was used to formulate the draft amendments in this document, which balances the stakeholders’ submissions against the AER’s responsibilities under the NGR.

We are committed to undertaking meaningful stakeholder engagement to revise the Guideline to ensure we maximise the benefits while minimising increased burden on participants. Indicative timing for stakeholder engagement and publication of the revised Guideline is outlined in Figure 1.

The feedback on this draft will help further shape and refine the Guideline before publishing the final on or before the 2nd August 2024.

Figure 1 Proposed timeline for the Guideline



4 Draft Amendments to the Guideline

The details, stakeholder consultation and rationale behind the amendments to the Guideline are shown below in Table A, B, C and D.

In addition to the amendments outlined below, a few minor changes have been made to the Guideline for clarity and consistency. These changes include further guidance and examples to clarify data and information that must be submitted.

The AER must have specific regard to clauses 665(4)(b) and 666(6)(b) of the NGR which require the AER to balance the costs likely to be incurred by facility operators and shippers in complying with the proposed amendments to the Guideline, and have regard of the need for accurate, reliable and timely information. This is reflected by the level of discretion given to facility operators and shippers in how information and data can be recorded – provided that the mandatory information required is kept.

Error! Reference source not found. of this draft decision paper provides an indication of how information can be captured in nomination and scheduling records and is unmodified from Schedule 1 in the current DAA Record Keeping Guideline. **Error! Reference source not found.** provides examples for how contemporaneous records may be reported and has additional renomination reason categories.

Table A: Amendments that will impact routine requirements

Amendment	Submission Feedback	Rationale
General Amendments		
Clearer requirement for time to be expressed in 24-hour format.	All submissions supported the amendment.	The clearer requirement for the time to be expressed in a 24-hour format comes from instances of shippers forgetting this requirement and providing a 12-hour format time.

Shippers

Provision of contemporaneous records (pg. 13 of the Record Keeping Guideline)

Clarification of the time when the event(s) or other occurrence(s) took place that led to the renomination (HHMM1) and the time when the shipper became aware of the event(s) or other occurrence(s) (HHMM2).

Addition of a record timestamp reporting field

The majority of stakeholders supported this amendment.

A stakeholder stated that a timestamp alone would not enhance compliance. However, they conceded that a shipper who acts in good faith already maintains records, information, and data to the required standards and as such would have incorporated a timestamp in their internal systems.

There have been instances of shippers recording the time that they first became aware of a relevant event which has led to a renomination being required (HHMM2), as being the same as the time of the event itself, (HHMM1), when the event and the renomination time are clearly separate. Such identical entries prevent the AER from considering the materiality of any delay in making a renomination.

There have also been instances of shippers potentially creating records on request as a substitute for a contemporaneous record.

A record timestamp will provide the AER with greater confidence that a record was made at the same time or shortly after the relevant material renomination.

Table B: Amendments altered after stakeholder feedback

Amendment	Submission Feedback	Rationale
<p>Addition of a record creator unique id</p>	<p>The AER had initially proposed a requirement to record the record creator's name.</p> <p>Stakeholder feedback opposed this amendment on the grounds that it is the companies' responsibility to manage trader performance rather than the AER's. Stakeholders were also concerned that the AER would target individual traders for non-compliance rather than the company in question.</p> <p>The AER proposes that a unique ID is sufficient to assist the AER to identify cases where problematic trades are all made by the same record creator without that individual needing to be identified to us.</p>	<p>This proposed obligation aims to strengthen company accountability to ensure that contemporaneous records are verifiable and accurate.</p> <p>A unique ID satisfies this requirement by allowing the AER to identify if problematic records were created by one or multiple record creators within an organisation, without the record creators name having to be disclosed to the AER.</p>

Amendment	Submission Feedback	Rationale
<p>Requirement to include detailed information in the <u>description reporting field, under categories we proposed:</u></p> <ul style="list-style-type: none"> • Context • Reason for renomination and category: • Further guidance (if applicable): 	<p>Submitters suggested that the requirement for both background and context was unnecessary as they represent the same concept.</p> <p>Stakeholders also noted that the category field chosen for a specific record is already defined as part of this guideline so the relevant category field choice does not require further explanation.</p> <p>The AER considers that clarifying the requirement to provide further applicable information is optional is sufficient to address stakeholder concerns.</p> <p>Stakeholders also requested additional examples of appropriate records and further guidance with respect to the timing of record creation. The AER considers this reasonable and has included the relevant guidance.</p>	<p>Participants have requested clarification on the amount of detail that is required in the description reporting field.</p> <p>In the past, the AER has had to reach out to shippers for further information about the reasons for material renomination. The proposed mandatory parameters of the description reporting field will assist the AER in verifying the reason for a material renomination by ensuring that there is sufficient detail to explain the renomination.</p> <p>The AER reserves the right to ask for further information on the reason for a material renomination if we deem that the information provided is not adequate in addressing our needs.</p>
<p>Three additional category field options (MA, ER and EO) for category reporting field.</p> <ul style="list-style-type: none"> • MA for a market change identified or caused by AEMO • EO for a renomination to address an error made by a third party • ER for when a pipeline requests a shipper to 	<p>Two additional category fields (MA and EO) initially proposed were supported by all stakeholders.</p> <p>A stakeholder requested the addition of a third category, ER, for pipeline request /direction.</p> <p>They proposed that this would be helpful for shippers to track these requests, which the AER agrees with.</p>	<p>Additional category fields will allow shippers to better match their reason for renomination with the available categories.</p> <p>Shippers have provided feedback that there has been an increase in the number of material renominations due to AEMO action. Shippers have also noted multiple instances of third parties making a mistake, that resulted in a material renomination.</p>

Amendment	Submission Feedback	Rationale
renominate against firm and/or auction services to assist in their gas balancing activities.		

Table C: Amendments removed after feedback

Amendment	Submission Feedback	Rationale
<p>Requirement to record the delivery and receipt point of the transportation service in the transportation service field.</p>	<p>Submitters consider that this requirement is too onerous.</p> <p>Stakeholders highlighted that some renominations are against a large number of receipt and delivery points and all of these would need to be updated for the renomination record.</p> <p>This amendment was originally proposed because the receipt and delivery point information could be useful in a subsequent in-depth investigation. However, the delivery and receipt points are already recorded by the facility operators and requiring this of shippers appears to add unnecessary burden.</p> <p>The AER proposes to not proceed with this requirement.</p>	<p>The proposed requirement may have assisted shippers in locating relevant records more efficiently.</p> <p>The requirement would also have assisted the AER in more quickly identifying whether the material renomination relates to either a receipt point quantity or delivery point quantity (or both).</p> <p>On balance the additional burden on shippers imposed by this requirement and the need for costs likely to be incurred to be proportionate and appropriate and the need for accurate, reliable and timely information, it is not justified by the benefits which apply to second order considerations.</p>

Table D: Other amendments

Amendment	Submission Feedback	Rationale
Clarification of the meaning of a <u>contemporaneous</u> renomination record	<p>One stakeholder requested detail on the meaning of contemporaneous.</p> <p>In the draft guideline we make reference to the definition being “at the same time or very shortly after, the material renomination”.</p>	There have been instances of shippers potentially creating records on request rather than contemporaneously which is non-compliant with the Guideline.
Reference to self-reporting of identified breaches	No adverse feedback.	The AER has published a Compliance and Enforcement Policy explaining our approach to promoting compliance with obligations under the National Electricity Law, National Gas Law, National Energy Retail Law and the respective Rules and Regulations. It also provides guidance on how we respond to potential breaches and the factors we consider when deciding whether to take enforcement action.
Information about the AER data portal	No adverse feedback.	The AER data portal has been developed to streamline monthly submission of pipeline nominations.
Additional detail when referencing AER functions in the DAA	No adverse feedback.	Proposed addition to the Guideline for clarity and consistency.
Deletion of transitional obligations	No adverse feedback.	Transitional obligations are no longer applicable because the transitional period has passed.