

Amendment of the DAA Record Keeping Guideline

Final decision

August 2024

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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)
NGL	National Gas Law
NGR	National Gas Rules
Renomination records	Contemporaneous Renomination Records
Shipper	Transportation Facility User
Facility operator	Auction Facility Operator

Summary

This final decision paper outlines the amendments made to the Day Ahead Auction (DAA) Record Keeping Guideline Version 2 in response to submissions on the Draft DAA Record Keeping Guideline – Version 2 published in June 2024.

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 amendments to the Draft Guideline consist of:

- additional detail regarding the record time stamp;
- changes to the mandatory and optional items under the description/reason for renomination field; and
- changes to the provided examples related to the description/reason for renomination field.

A seven month implementation period from the date of publication of the DAA Revised Guideline Version 2 will enable gas market participants to seek clarification 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 through a draft decision paper. Five submissions were received and used to finalise the amendments in this document. These submissions have been published² on the AER's website. We thank stakeholders for

¹ The facilities are specified under the NGR in AEMO's transportation service point register - <https://aemo.com.au/en/energy-systems/gas/pipeline-capacity-trading-pct/specification-of-service-points-zones-and-segments>

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

their engagement and note that their submissions have had a material impact in the formulation of these amendments.

We have published the DAA Record Keeping Guideline - Version 2 alongside this document.

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 final decision paper provides a summary of the amendments to the Draft DAA Record Keeping Guideline Version 2 (June 2024). The changes presented in this paper are a combination of ones that stakeholders have raised with us over two separate consultation periods, or that we have identified.

The aim of these 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

³ NGR, cl.650(2)

⁴ NGR, cl. 664(1).

⁵ NGR, cl. 661(1).

- 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
- 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.

⁶ NGR, cl. 661(2) and cl. 661(3).

⁷ NGR, cl. 663(1).

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

3 Amendments to the Guideline

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

In addition to the amendments outlined below, changes were made following an initial consultation period in 2023, with these changes outlined in the amendment of the DAA Record Keeping Guideline Version 2 – draft decision paper⁹.

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. Having had regard to the need for accurate, reliable and timely information about the intended use of transportation capacity for the efficient conduct of the capacity auction and the efficient scheduling and use of transportation capacity for all transportation facility users, the AER considers the need for costs likely to be incurred by transportation facility users in complying with the guidelines to be proportionate and appropriate.

Schedule 1 of the Day Ahead Auction Records Keeping Guideline – Version 2 provides an indication of how information can be captured in nomination and scheduling records and is unmodified from Schedule 1 in the original DAA Record Keeping Guideline. Schedule 2 provides examples for how contemporaneous records may be reported and has additional renomination reason categories.

Table A: Amendments unaltered after stakeholder feedback

Amendment	Submission Feedback	Rationale
Addition of a record creator unique ID	<p>The AER had initially proposed a requirement to record the record creator’s name.</p> <p>This was amended in the draft decision to a record creator unique id.</p> <p>Some stakeholders continue to oppose this requirement on the grounds that they do not consider it will improve the accuracy or reliability of records</p>	<p>The AER maintains that a unique ID is required and will assist in identifying if erroneous records were created by one or multiple record creators within an organisation.</p> <p>If erroneous records are identified as being created by an individual, this may indicate simple human error, compared with if erroneous records were</p>

⁹ <https://www.aer.gov.au/industry/registers/resources/guidelines/day-ahead-auction-record-keeping-guideline-2023/draft>

Amendment	Submission Feedback	Rationale
	<p>and they consider it more appropriate for shippers to internally record names or unique identifiers to ensure individuals are not exposed to liability or risk.</p>	<p>created by multiple record creators within an organisation, which may indicate a more systematic issue.</p> <p>If a contravention is identified by the AER, information on the record creator would be requested by the AER, regardless of whether a unique identifier had been recorded or not. The inclusion of this item will also save both the <i>shipper</i> and the AER time and resources.</p> <p>The AER does not believe the inclusion of a record creator unique ID alters the AER's approach to enforcement and compliance matters, nor does it evidence an intention to issue information gathering notices on individuals. The possibility of enforcement action against individuals who are involved in a contravention has been a feature of the legislation from its inception and is considered in all circumstances.</p>
<p>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).</p>	<p>A stakeholder stated that in their experience HHMM1 and HHMM2 are often the same and asked the AER to provide examples of when these times should be recorded as separate times.</p>	<p>The draft Guideline included two examples of when it would be appropriate to record these times as separate times and does not consider additional examples are required.</p>

Table B: Amendments altered after stakeholder feedback.

Amendment	Submission Feedback	Rationale
<p>Addition of a record timestamp reporting field</p>	<p>A stakeholder requested additional clarity on this field, specifically related to how the time should be recorded in instances where the record is initiated and finalised at different times.</p>	<p>Further explanation on this field has been included in the Guideline.</p> <p>The AER acknowledges that shippers may create and finalise records at different times and therefore reminds shippers that under Clause 666(1) of the NGR, renomination records are required to be made contemporaneously, including both the creation and finalisation of the record to ensure compliance with contemporaneous record-keeping.</p> <p>The Guideline only specifies that a timestamp for the initial record creation is required but individual shippers can determine how this should be implemented into their own systems, including if an additional timestamp for when a record was finalised is required.</p> <p>If a record is edited after it has been finalised then the AER would expect this to be separately noted.</p>
<p>Description/Reason for renomination</p>	<p>The majority of stakeholders suggested that the level of detail provided in the examples in the Guideline was too detailed and onerous. They also raised concerns about their ability to obtain detailed information for counterparts.</p> <p>In addition, they thought that there was an unclear distinction</p>	<p>The AER maintains the appropriateness of the three information fields but acknowledges that on occasion the category field may be sufficient to not need further description through item 2 and have changed Item 2 to “If required, any other further guidance on the reason the</p>

Amendment	Submission Feedback	Rationale
	<p>between the information provided as background/context and reason for renomination and that the definition of the category fields was sufficiently detailed and did not in most cases require additional information.</p> <p>One stakeholder requested the AER reconsider the requirement for participants to provide detailed reasons for “managing an imbalance”, believing that this reason is a justifiable renomination reason in itself that arises from participation in the gas market.</p>	<p>specific category field was chosen”.</p> <p>The examples provided in the Guideline are examples only and the requirement on shippers is that the description is verifiable and specific.</p> <p>The AER acknowledges the issues raised regarding third party information when third parties have not provided that information. If this information is not available, then at a minimum the identification of the third-party contributor to the renomination should be supplied to enable AER to effectively monitor. This balances the requirement in rule 666(6)(b) with the implications of setting up further processes to get this information from third parties.</p> <p>The issue with the reason “managing an imbalance” is that it has been used as a catch-all or generic reason for a renomination such as ‘line-pack tolerance levels’ or ‘unforecast demand’. The AER’s view is that there is likely to be another underlying reason causing any portfolio imbalance, and it is this specific reason we are looking to identify.</p>

4 Effective date

The AER is required to publish the finalised version of the amended RKG by 2 August 2024.
The Day Ahead Auction Record Keeping Guideline – Version 2 will take effect on 1 March 2025.