



**AGL Energy Limited**

ABN: 74 115 061 375  
Level 24, 200 George St  
Sydney NSW 2000  
Locked Bag 1837  
St Leonards NSW 2065  
t: 02 9921 2999  
f: 02 9921 2552  
agl.com.au

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**Australian Energy Regulator**

**By email: [AERGasMarketsPipelineCapacityTrading@aer.gov.au](mailto:AERGasMarketsPipelineCapacityTrading@aer.gov.au)**

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**Record Keeping Guideline for the Day-Ahead Auction**

AGL Energy (**AGL**) welcomes the opportunity to comment on the Australian Energy Regulator's (**AER**) day-ahead auction record keeping guideline (**Guideline**).

AGL is one of Australia's leading integrated energy companies and the largest ASX listed owner, operator and developer of renewable generation. AGL has a long history of involvement in Eastern Australian gas markets and aside from delivering gas to over 1.4 million customers, AGL also utilises gas in power generation, is a gas shipper and owns gas facilities across the east coast.

As a general observation, AGL notes that the capturing of rebid reasons marks a significant change for gas market participants. It is also being required from the start of the new day-ahead auction, before gas participants have had the opportunity to determine their approaches in the new market. AGL suggests that the AER refrain from developing detailed requirements for how rebidding reasons should be captured in the initial stages of the day-ahead auction, and instead commit to review and update the Guideline within 12 months to better capture the experience of market participants.

AGL also provides the following specific comments on the record keeping guideline.

**Materiality of renominations**

The requirement to keep records of material renominations (being a 10 per cent variation) becomes more complicated should a shipper make multiple renominations over the course of a day. As currently drafted, it is unclear whether the 10 per cent threshold relates to a quantity, or a band from the initial nomination. For example:

- **Quantity:** renominations must be captured any time the shipper renominates a quantity greater than 10 per cent of the initial nomination. A renomination from 100TJ to 80TJ (20TJ renomination) would require record keeping, and a second renomination from 80TJ to 91TJ (11TJ renomination) would also require record keeping. While the final renomination is less than 10 per cent of the initial nomination, both renominations are greater than 10TJ (10 per cent of the initial nomination).
- **Band:** renominations must be captured any time a shipper renominates to a quantity greater than 10 per cent of the initial nomination. A renomination from 100TJ to 80TJ would require record keeping, and a second renomination from 80TJ to 91TJ would not require record keeping. The second renomination is within 10 per cent of the initial renomination.

AGL considers it more appropriate that the threshold relate to a quantity, given the potential impact of those renominations on others throughout the day. Also, should the threshold relate to a band, a shipper may have to keep records of small adjustment in a second renomination simply because it's outside the 10 per cent variation of the initial nomination.



Whichever option is intended, it is important to clarify the meaning of materiality and the renominations that may be of interest to the AER. This will help shippers to make sure these renominations are recorded.

### **Timestamps**

The Guideline requires shippers to record both the time the actual event occurred, which may be an indicative time range (or the time the shipper became aware of the event), as well as separately recording the time the shipper became aware of the event (or made the decision to renominate).

Given the events leading to renominations are often outside of the control of shippers, shippers may not have access to information about the time an event occurred. It is also of greater relevance to rebidding behaviour when the shipper becomes aware of the incident, and not when the incident occurred.

AGL suggests the explanation in the Guideline of what is to be included in the two separate time stamps be clarified and the potential duplication reduced. The relevant time stamps should include: the time the shipper became aware of the event that leads to renomination; and the time the shipper makes the renomination.

AGL also suggests that the Guideline define a standard time zone (Eastern Standard Time) to avoid any confusion.

### **Services impacted by a renomination**

The Guideline notes that the AER will require shippers to consult with facility operators to determine which transportation services will be relevant for the calculation of the auction quantity. This will inform shippers of the services for which material renominations must be recorded.

Given shippers will not have knowledge of the other transportation services may be affected by a material renomination (apart from on the advice of facility operators), AGL requests that the Guideline provide further clarification of the following:

- Shippers should only be required to keep records of material renominations for the services advised by facility operators. If a facility operator provides incorrect or incomplete advice on the affected transportation services, the shipper should not be found at fault by the AER.
- While shippers must keep records of the transportation service that is the subject of a material renomination, they should not be required to keep records of the other transportation services that may be affected by the material renomination. A shipper will not know which other services may be impacted by each specific renomination. For example:
  - A shipper that renominates a forward haul service will not know how or whether it has affected backhaul services being offered on that pipeline.
  - A shipper that renominates a forward haul service through Wallumbilla will not know how or whether it has affected compression services being offered along that pathway.

If you have any queries about this submission, please contact Jenessa Rabone on (02) 9921 2323 or [JRabone@agl.com.au](mailto:JRabone@agl.com.au).

Yours sincerely,

Chris Streets,

Senior Manager Wholesale Markets Regulation