

Stakeholder feedback template – Amendment of the DAA Record Keeping Guideline

Stakeholder details

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| Question | Stakeholder submission |
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| General amendments that will impact routine requirements | |
| Do you think the requirement for facility operators and shippers to record time in a 24-hour format is appropriate? If not, please state reasons? | No comment. |
| Amendments that will impact routine requirements – Transportation Facility Users (shippers) | |
| Do you think the proposed clarification of the time when the events(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) is clear and appropriate? If not, what changes to the proposed wording would you recommend? | No comment. |
| Do you think the addition of a <u>record timestamp reporting field</u> will improve shipper compliance to create contemporaneous records? If not, please indicate why not? | <p>A shipper who acts in good faith already maintains records, information, and data to the standards defined by the ‘Good Gas Industry Practice’ required by the AER. Hence, good faith shippers would have already incorporated a version of the <u>record timestamp reporting field</u> into their internal reporting systems. It is unlikely that the addition of a <u>record timestamp reporting field</u> would enhance the compliance of bad actors, who can easily falsify this field in the same manner as those instances brought to the AER’s attention wherein shippers potentially created contemporaneous records on request.</p> <p>In view of the above, Australia Pacific LNG believes that the inclusion of the <u>record timestamp reporting field</u> would not significantly enhance compliance with the NGR and the RKG for contemporaneous records.</p> |
| Do you think the addition of two additional category field options (MA and EO) for the <u>category reporting field</u> is appropriate and will allow shippers to accurately record the | No comment. |

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| <p>reason for renomination? If not, please indicate why not?</p> | |
| <p>Do you think the additional requirement for shippers to record the delivery and receipt point of the transportation service that relates to the renomination is appropriate? If not, please indicate why not?</p> | <p>In view of the complex nature of intraday trading, Australia Pacific LNG is sceptical of the marginal benefits that would result from this additional requirement, particularly when compared to the administrative burden placed on shippers. If shippers were mandated to document every delivery and receipt point used for each renomination request, it would be challenging for Australia Pacific LNG to accurately capture the level of detail required by the AER.</p> <p>Ultimately, the most critical information that needs to be conveyed to the AER is when the trade occurred and where the sale originated. The additional steps of crosschecking and accurately reproducing all nomination point names and codes on a day-to-day basis risks exposing shippers to non-compliance penalties. Australia Pacific LNG believes that the need to include this information in contemporaneous record is inappropriate as this additional data will only result in marginal benefits for the AER's regulatory activities but will impose a significant regulatory burden on shippers.</p> <p>Australia Pacific LNG considers it more appropriate for this data to be provided based on other reference material upon an investigation if needed.</p> |
| <p>Do you think the proposed requirement to include the following information in the <u>description reporting field</u> offers specific clarity for the AER to verify the specific reason for material renomination and ensure that there is sufficient detail?</p> <ul style="list-style-type: none"> a) Background/context explaining the events that led to the renomination; b) Reason for renomination and why the specific category field option was chosen; and c) If applicable, any other further guidance on the reason for renomination. | <p>Australia Pacific LNG does not agree with the AER's position that the mandatory additions to the <u>description reporting field</u> would offer further insights and clarity on material renominations beyond what is currently required for the description. The distinction between 'background context' and 'reason for renomination' does not appear to be significant. This is evident in the AER's <i>Schedule 2: Form of renomination records for shippers</i> model, where 'reason for renomination and category' appears to be a duplication of the explanation already provided in the 'background/context' across multiple example entries. As such, the requirement to populate both fields to provide additional clarity is redundant.</p> <p>We believe the insertion of the two additional category fields (MA and EO) alongside a brief description, which is already required under the current reporting format, will provide sufficient contextual information to ensure that the AER has adequate detail on the background and reasoning of a renomination. Australia Pacific LNG has no objection to option (c) 'other further guidance' being retained, providing it remains marked as 'if applicable.' The option to provide further commentary should be adequate in providing the AER with additional clarity on the current or potential implications of the renomination when the situation requires further contextualization (e.g. an AEMO direction causing prolonged changes to market dynamics).</p> |

General questions

Do you think there are any impediments for facility operators and/or shippers to comply with the additional requirements set out in the consultation paper?

In light of the proposed amendments addressed above, Australia Pacific LNG emphasizes the importance of providing sufficient time for facility operators and shippers to adequately implement these changes into their internal reporting systems to avoid any unintended compliance breaches and errors. We request the AER be open to discussion on possible transitional periods to ensure a smooth transition and minimize disruptions to business operations while also facilitating compliance with the new regulatory framework.

As noted above, some of the proposed changes will materially increase the regulatory administration burden for Shippers, for very little benefit, given the infrequency with which contemporaneous records are required, and the ability of shippers to provide those details retrospectively if needed, based on records already maintained.

Do you think the proposed amendments to the Guideline are proportionate and appropriate to aid facility operator and shipper compliance with the NGR and the NGL? If not, why not?

Australia Pacific LNG appreciates the proposed amendments put forth by the AER to clarify reporting requirements and provide additional information on the AER's functions, data portal, and self-reporting capabilities. The increased transparency and guidance in these areas is likely to encourage facility operators and shippers to reevaluate current internal processes and take steps to improve compliance with the RKG, NGR, and NRL. However, the proposed amendments to shipper reporting requirements appear to focus solely on expanding the scope of information required by the AER to enforce the RKG, without offering any tangible benefits to improve facility operator and shipper compliance with the NGR and NGL.

Australia Pacific LNG maintains that the proposed amendments, as assessed in this submission, may unfairly penalize organizations already in compliance with the RKG. The proposed approach appears disproportionate to the problem statement. A more effective approach may be for the AER to work collaboratively with non-compliant parties, rather than imposing additional administrative burdens on all transportation facility users. Australia Pacific LNG urges the AER to consider alternative solutions to promote greater compliance with the law and regulations, while avoiding undue burdens on compliant organizations.

What are the additional costs that may be incurred by facility operators and shippers in complying with the proposed amendments?

If you have identified additional costs, do you think that these costs are proportionate and appropriate?

Australia Pacific LNG would like to reiterate that the proposed amendments to the RKG would impose significant administrative burdens on compliant shippers, while offering marginal benefits to the AER. In order to strike an appropriate balance between the need for additional information and the impact on stakeholders, it is important for regulatory obligations to be reasonable and appropriate. Moreover, investigations conducted by the AER are infrequent and limited in scope, typically focusing on narrow timeframes or a small number of flagged renominations. Therefore, Australia Pacific LNG believes it is unreasonable to expect shippers to regularly record data that is unlikely to be needed. Rather, expanding upon a contemporaneous record upon AER request is an approach better suited to balance the need for verifiable and accurate information for investigative purposes with the regulatory burden faced by shippers.

Description Reporting Field

As noted above, the complexity of intraday trading raises concerns regarding the feasibility of achieving the required level of accuracy and context to satisfy the AER's requirements. Counterparties may request renominations with limited explanation, rendering it difficult to provide comprehensive background and reasoning for such renominations. Communicating with counterparties to derive additional contextual information to input into the expanded description reporting field would be resource intensive, resulting in increased administrative burden and time costs.

Furthermore, shippers may have reservations about disclosing confidential information in these descriptions, which would necessitate a reassessment of internal guidelines and staff directives to ensure that confidentiality standards are not violated in the provision of additional explanatory efforts. This would add further costs and administrative burdens to organizations, with little marginal benefit to the AER's reporting activities.

Do you think the proposed amendments effectively addresses the issues raised in the rationale column in Tables A and B?

Are there more appropriate ways to address the issues raised in the rationale?

Australia Pacific LNG considers that the record creator and record timestamp reporting fields, together with the expanded category field options (MA and EO), adequately address the AER's desires for accountability and verifiable details, without imposing undue regulatory obligations on shippers.

However, given the increased transparency resulting from these fields and the AER's ability to request additional information if needed, we believe that the level of detail required in the description reporting field and the provision of delivery and receipt points would be an excessive and duplicative administrative burden to impose on shippers. We are confident that the above-mentioned

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| | amendments will be sufficient in providing the AER with a clear pathway to obtaining verifiable and accurate records if/when they are needed. |
| Do you have any additional concerns and/or comments that you would like to make? | <p><u>Contemporaneous Record Keeping</u></p> <p>It is Australia Pacific LNG’s opinion that, rather than increasing the level of detail required in the reporting fields, the AER could enhance accountability and verifiability of contemporaneous record-keeping by emphasizing the requirement to provide contemporaneous records in their original condition when requested by the AER for investigative purposes.</p> <p>Australia Pacific LNG recommends that the AER clarify its position on the importance of maintaining contemporaneous records and providing those to the AER intact when requested. This would provide clearer guidance to shippers and would directly address the issues of shippers creating contemporaneous records upon request.</p> |