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Australian Energy Regulator
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Submitted via email:
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Day Ahead Auction Record Keeping Guideline

Alinta Energy (**Alinta**) welcomes the opportunity to provide a submission to the Australian Energy Regulator's (**AER**) *Day Ahead Auction Record Keeping Guideline (the DAA Consultation Paper)*.

Alinta is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW, including 1,700MW of gas-fired generation facilities and 1,070MW of thermal generation facilities. Alinta has in excess of 1.2 million electricity and gas customers nationwide, including more than 600,000 in east coast markets.

Alinta has significant first-hand experience in participating in facilitated wholesale gas markets across Australia, which has allowed Alinta to develop a detailed understanding of the practical complexities associated with satisfying market compliance obligations. Alinta's comments below are provided in this context and seek to ensure the program meets compliance objectives in an efficient manner as possible.

General Comments

Alinta is supportive of the AER's intent in making the record keeping guidelines relatively flexible (provided the mandatory information is included) and requiring submission to the AER only upon request, as opposed to regular reporting. Given the varying differences in how operators and shippers maintain their nomination data systems, the flexible approach undertaken by the AER is appropriate and supported by Alinta.

Suggested Further Considerations

Contemporaneous Record

Alinta notes the requirement for shippers to provide a (separate) renomination contemporaneous record of both:

1. The time at which the event or other occurrence giving rise to the renomination occurred; and
2. The time at which the shipper first became aware of the event or other occurrence.

Whilst, this is a rule requirement, Alinta suggests the rationale for reporting both the times separately should be further considered. Keeping two individual contemporaneous time records will only add to the compliance complexity associated with a trader's numerous normal daily activities and is unlikely to assist in helping the AER in explaining the circumstances on which renominations are based¹. This is especially true given the decision to renominate may be a decision which occurs gradually over time due to a range of various market circumstances in both electricity and gas markets.

As an alternative, Alinta suggests the AER could consider the potential for submitting an expediated rule change prior to market start which consolidates and simplifies the compliance requirement to a single time record. Alinta is of the view that such a rule change would be considered uncontroversial and would likely be supported by industry.

Material Renomination Threshold

Alinta notes the material renomination threshold under rule part 25, 666(2) is set as "a variation to the quantity of the day-ahead nomination of more than 10%". This differs slightly from other definitions of material renominations within the NGR including Part 18 division 1: "exceeds the greater of 10% of the nameplate rating...and 30 TJ".

The drafting of the part 25 definition may result in smaller participants creating contemporaneous records of relatively insignificant renominations² which would be of

¹ Nonetheless, Alinta does note (and is supportive of) the drafting of the AER's guideline that the time noted "may also reflect the same time as a decision was made to renominate" – *Day Ahead Auction Record Keeping Guideline (For Consultation)*, AER, December 2018, Pg 20.

² For example, on 2Tj transport nominations, small participants will have to provide contemporaneous records on amounts such as 200Gj renominations (which itself could comprise of several small renominations such as several parcels of amounts as small as 20Gj).

limited value to the overall functioning of the auction product, or to the AER in its enforcement role.

In Alinta's view the dual material threshold reporting requirement which contains a minimum TJ amount may be a preferable definition. Alinta suggests the AER may wish to consider doing a compliance assessment on the effectiveness of the material renomination record keeping definition and report its findings back to the AEMO and AEMC for consideration.

Conclusion

Alinta looks forward to participating in the AER's ongoing consultation process. Please contact me via email: anders.sangkuhl@alintaenergy.com.au or by phone 02 9375 0992 if you have any queries in relation to this submission.

Yours sincerely,



Anders Sangkuhl

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