AUSTRALIAN ENERGY REGULATOR

AER MONITORING OF THE CAPACITY TRADING REFORMS

DAY AHEAD AUCTION

SECONDARY CAPACITY TRADES

aer.gov.au

DAY-AHEAD AUCTION MONITORING

The AER is responsible for monitoring and enforcing compliance with the rules for the Day-Ahead Auction. This includes monitoring (under rule 663) the use of auction facilities for nominations or renominations that are false, misleading or likely to mislead.

The AER has recently been in contact with participants concerning:

1. Renomination record keeping
2. AQL submissions

1. Renomination record keeping

Gas Rule 666

- Gas shippers must keep contemporaneous records in relation to material renominations, including their reasons for making a renomination. These records must be made available to the AER on request.
- During 2019, the AER issued several record requests to gas shippers and will be issuing further requests in coming months.
- The AER has identified some instances of missing records and reminds participants of their obligations in this area. The AER's website outlines the level of detail which must be contained in shipper renomination records:

https://www.aer.gov.au/wholesale-markets/market-guidelines-reviews/day-ahead-auction-record-keeping-guideline

2. Auction quantity limit submissions

Gas Rule 653

- Auction facility operators are required to submit AQLs in accordance with rule 653 and AEMO's Capacity Transfer and Auction Procedures. This includes submitting AQL data to AEMO by the 4:30pm deadline on the day before the gas day

- AEMO has reported several instances of late AQL submissions since market-start. In most cases, the late submission has occurred prior to AEMO's second AQL submission deadline and the facility has not been excluded from the auction. A summary is available on the AER website: https://www.aer.gov.au/wholesale-markets/wholesale-statistics/day-ahead-auction-auction-delays

- Encouragingly, the AER observed improved performance (lessening instances of late submissions) toward the end of the DAA's first year of operation. We have spoken to the respective facility operators when late submissions have occurred and remind both operators and users that submissions, later than the first AQL deadline, are breaches of the rules and will be assessed by the AER for material impact

REPORTING OF SECONDARY CAPACITY TRADES

Rule 190C

- Participants are required to report secondary capacity trades (off exchange) to AEMO
- Where possible, these trades must be reported prior to the service term for the trade, including no later than 1 day after the trade date
- During 2019-20, the AER conducted mail-outs, reminding market participants of this reporting obligation. We will be working with AEMO to ensure timely reporting