

### Five Minute Settlements Project: High-Level Impact Assessment

Document Title	NEM Settlement Estimates Policy		
Rule Consultation Req.	Yes	Priority	High
Prepared by	Canh Diep	Business Owner	Market Management – Settlements & Prudentials
Consultation Group	PWG	Consultation Package	Settlements Estimation
Link	<a href="https://www.aemo.com.au/-/media/Files/Electricity/NEM/Settlements_and_Payments/Settlements/2016/NEMSettlementEstimatesPolicyv11.pdf">https://www.aemo.com.au/-/media/Files/Electricity/NEM/Settlements_and_Payments/Settlements/2016/NEMSettlementEstimatesPolicyv11.pdf</a>		

Description of Document	<ul style="list-style-type: none"> <li>• This policy sets out the hierarchy of data to use and the methodology to apply to calculate estimated net <i>Settlement Amounts</i> for each <i>Market Participant</i> and for each trading interval when actual metering data is not available or not meeting the prescribed data quality requirements.</li> <li>• Settlement estimates are used for: <ul style="list-style-type: none"> <li>– Settlement purpose in the events that AEMO cannot issue final statements to <i>Market Participants</i> due to failures of metering data processing, communications or settlement processing systems or other equipment. A manual process for procuring the required input data and performing settlement calculations is to be developed and triggered during these incidents. See Section 5 of the Policy.</li> <li>– <i>Market Participant</i> prudential monitoring purpose. See Section 6 of the Policy.</li> </ul> </li> </ul>		
Precedent Procedures / External Document	NA	Dependent Procedures / External Document	Settlement Estimation Guide

Summary of Changes – Five Minute Settlements	<ul style="list-style-type: none"> <li>• All references to 30-minute or half-hour trading intervals will be updated to five-minute trading intervals.</li> <li>• Replace Section 5 with AEMO existing processes for managing IT system outages and/or incidents due to communications failures impacting normal settlement operations.</li> <li>• Minor editorial changes including but not limited to the use of terms consistent with the definitions in the NER.</li> </ul>		
Summary of Potential Changes – Global Settlements	No changes have been identified. Settlements will continue to monitor the Rule change process and update the impact assessment when required.		
External Stakeholder Impacted	Yes Market Generators Market Customers	AEMO Business Units Impacted	Market Management – Settlements & Prudentials
Issues for Stakeholder Consultation	AEMO proposes to consult industry participants on the following: <ul style="list-style-type: none"> <li>• To remove Section 5 of the Policy and replace it with AEMO existing processes for managing the risks of system, database and communications failures impacting NEM settlements normal operations.</li> <li>• For prudential monitoring purposes,             <ul style="list-style-type: none"> <li>– To propose that the current 30MS estimation methodology be retained and applied to 5-minute granular data including 5-minute regional reference prices and energy data – AEMO preferred option.</li> <li>– To outline an alternative option that AEMO had considered but discounted where settlement estimates will be calculated at 30-minute intervals. This requires that the relevant input data (five-minute regional reference prices and energy data) be re-processed and aggregated to 30-minute trading intervals.</li> <li>– To present estimation performance statistics to demonstrate the goodness-of-fit of the existing methodology currently applied to 30-minute trading intervals.</li> </ul> </li> </ul>		
System Impact	Yes		