

PRIMARY SETTLEMENT NOMINATION FOR MULTIPLE PARTICIPANT ID'S

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FINAL

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Version Control

VERSION	DATE	DETAILS
1	Aug 2008	Initial version
1A	Aug 2009	Update to AEMO Format
1B	Jul 2014	Updated address in Appendix B

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1. INTRODUCTION

Within AEMO's systems, each company are represented by a Participant ID. This identifier is assigned upon initial registration, and becomes a persistent attribute throughout the processes used by AEMO.

Under circumstances of company mergers and acquisitions, a company may be responsible more than one Participant ID. AEMO's settlement system will issue a statement for each Participant ID, which can require a single company to settle multiple transactions.

AEMO has developed this procedure to enable companies with multiple Participant ID's to nominate a single primary identifier, which is used for settlement. All other Participant ID's continue to have statements issued as normal, however all statement amounts are reassigned to the primary identifier.

No action is required for companies that only have a single active Participant ID.

2. BACKGROUND

2.1 Rules Reference

NER Clause 3.15.16 and 3.15.17 specify the obligations of the Market Participant and AEMO respectively to pay the settlement amount in the statement.

Information on the settlement process can be found in the document "AEMO Market Clearing Guide" which is located on the AEMO website at the following location:

<http://www.aemo.com.au/Electricity/Policies-and-Procedures/Settlements-Procedures/AEMO-Market-Clearing-Guide>

2.2 Circular Payment

In scenarios where a company (which registered as a Market Participant) has more than one Participant ID, and statement totals have opposite signs, a circular payment can occur.

As an example, if a company has Participant ID's SAMPLEA and SAMPLEB with the following statement totals:

- Statement Total for SAMPLEA: \$-3,000
- Statement Total for SAMPLEB: \$1,000

Payment is required from the company of \$3,000 by 10:30am on settlement day, and AEMO would then pay the company \$1,000 by 2:00pm on settlement day. Although a net payment of \$2,000 for the company has occurred, the Participant ID's are settled individually, resulting in a circular payment.

2.3 Default and Shortfall Risks

In the scenario above, there is an increased risk of default because a company is required to pay amounts in excess of their net payment amount. The company also has an increased exposure to shortfall, as the company is receiving a payment greater than their net payment amount.

3. PROCEDURE

To avoid the issues and risks that can result from multiple Participant ID's, AEMO has proposed that companies nominate a primary settling Participant ID. All settlement amounts will then be automatically transferred to the primary Participant ID.

3.1 Primary Settling Participant Nomination

Each company responsible for multiple Participant ID's is requested to notify AEMO in writing of their nomination of a primary settling participant. The nomination also identifies the start date of the arrangement, which allows AEMO to configure statement reassignment for all settlement weeks occurring after the start date.

A suggested nomination letter is provided in Appendix B.

3.2 Statement Reassignment

Once AEMO has received a nomination letter, statement reassignment will be configured to take effect from the first settlement after the nominated start date. This will automatically reassign any settlement amounts for each non-primary Participant ID to the primary Participant ID. Statements continue to be issued for all Participant ID's, however only the primary Participant ID will have a non-zero total.

A sample of how the statement reassignment is presented in PDF statements and the SR report are included in Appendix A.

3.3 Declining Nomination

If a company elects to not nominate a primary settling participant, AEMO will continue to require the company to settle individual transactions for each Participant ID.

APPENDIX A: REASSIGNMENT SAMPLES

The following samples provide the format of statement reassignment. In this example, SAMPLEA is the primary Participant ID.

PDF Statements

Reference:	2007/045/002/SAMPLEA
<u>Reassignment</u>	<u>1,000.00</u>
Total	-2,000.00

Reference:	2007/045/002/SAMPLEB
<u>Reassignment</u>	<u>-1,000.00</u>
Total	0.00

SR Text Report

REPORT FOR Sample Energy	
FINAL Settlements ref 2007/045/002/SAMPLEA	
STATEMENT REASSIGNMENTS	

Transfer from SAMPLEB	\$1,000.00
=====	
TOTAL AMOUNT PAYABLE TO AEMO	-\$2,000.00
=====	

REPORT FOR Sample Energy	
FINAL Settlements ref 2007/045/002/SAMPLEB	
STATEMENT REASSIGNMENTS	

Transfer to SAMPLEA	-\$1,000.00
=====	
TOTAL AMOUNT PAYABLE BY AEMO	\$0.00
=====	

APPENDIX B: SUGGESTED NOMINATION LETTER

COMPANY LETTERHEAD

Date: DD Month YYYY

Group Manager Settlements and Prudentials
AEMO Ltd
Level 2, 20 Bond Street
Sydney NSW 2000

Dear Sir/Madam

Primary Settling Participant Nomination

<Name of Company> <ABN of Company> is a Market Participant in the National Electricity Market, and is required to settle with AEMO according to Rules clause 3.15.16 and 3.15.17. <Name of Company> nominates that all settlement amounts be assigned to the following Participant ID:

Primary Participant ID	<Primary Participant ID>
------------------------	--------------------------

This is requested to take effect from <Date nomination to start>.

The table below summarises the Participant ID's that are being used by <Name of Company>

Participant ID
<Participant ID 1>
<Participant ID 2>
<Participant ID 3>

<Name of Company> acknowledges that statements will continue to be issued for the above Participant ID's, however all settlement amounts will be reassigned to the Primary Participant ID nominated above.

Yours sincerely

Name

Position title