

Draft Statements with SRA Secondary Trading Implementation

AEMO has prepared draft statements for participants to understand changes that will be made to the Settlements Residue quarterly statement and the IRSR component of the weekly NEM statement with the implementation of secondary trading.

These have been provided for information and will be updated if any changes are required.



Where can I find more information?

The project page on AEMO's website: <http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Settlements-and-payments/Settlements/Settlements-Residue-Auction/SRA-Secondary-Trading-Project>

For any further enquiries, contact the project team

- markets.settlements@aemo.com.au

Draft Statements with SRA Secondary Trading Implementation



For information

Quarterly Statement

The quarterly statement has been updated to include information regarding cancelled units, where participants will be paid the cancellation price for any units they have offered and had cancelled in an auction in the delivery quarter.

NATIONAL ELECTRICITY MARKET

Settlements Residue Auction Report - Participant Purchase and Cancellation

For the period - 2018 Quarter 2
- 01-Apr-2018 to 30-Jun-2018

Statement Date: 10-Apr-2018

REPORT FOR XXX

Attn: YYY
123 ZZZ Street

SYDNEY, NSW, 2000

Total Amount Payable to AEMO: -48,400.00

This payment will be made on : 20-Apr-2018

Net amount including purchases, cancellations and any return of cash security

This report details the purchase and cancellation to AEMO to be made by the participant for the auctioned units on the relevant directional interconnectors.

Each auction unit represents a specified proportion of the Inter-regional Settlement Residue for these interconnectors for a period of three calendar months.

Inclusion of cancelled units and amount receivable

INTERCONNECTOR NSW1-QLD1

From REGION QLD1

Contract ID	Clearing Price (\$/Unit)	Units Purchased	Amount Payable	Units Cancelled	Amount Receivable	Net Total
C2018Q2T01	\$1,211.00	15.00	-\$18,165.00	0.00	\$0.00	-\$18,165.00
C2018Q2T02	\$2,162.00	25.00	-\$54,050.00	0.00	\$0.00	-\$54,050.00
C2018Q2T03	\$2,302.50	0.00	\$0.00	10.00	\$23,025.00	\$23,025.00
Total		40.00	-\$72,215.00	10.00	\$23,025.00	-\$49,190.00

Any cash security that has been provided which is no longer required will be returned via the quarterly settlement.

SRA current Cash Security for secondary trading margin

Cash Security ID	Open Amount	Current Balance	Amount Returning	Closing Balance	Interest Amount	Total Return
BUYTSD	\$36,000.00	\$1,300.00	\$300.00	\$1,000.00	\$40.00	\$340.00
POFSBM	\$15,000.00	\$2,400.00	\$400.00	\$2,000.00	\$50.00	\$450.00
Total			\$700.00		\$90.00	\$790.00

Enquiries can be directed to AEMO staff members on the following phone numbers:

Phone Number 1300 236 600

Austraclear Information:

When using Austraclear's system, AEMO's Austraclear Code is NEMM30.
Payments to AEMO must be confirmed as cleared prior to 12:00pm Sydney Time, on the date given above.
Receipts from AEMO will be available after 2pm Sydney Time, on the date given above.

END OF REPORT

Draft Statements with SRA Secondary Trading Implementation

Weekly Statement

The Auction Rules to implement secondary trading that were consulted on in 2018, and approved by the SRC in January 2019, amended the fee calculation to include cancellation fees by:

- Including a calculation of cancellation transaction fees, which is a similar calculation to the existing auction fee (now called the allocation fee).
- Utilising a global fee calculation in the payment process, whereby the total fees owed by a participant for units allocated and cancelled are taken from the total IRSR due that participant for units they hold in that quarter. The total fees due will also include any rollover of fees from previous quarters that have been unable to be recovered due to insufficient IRSR.

In order to limit the impact on systems and processes, the layout of the weekly settlement statements will have minimal changes with the update to the fees approach from a unit basis to a global basis.

Weekly settlement statements currently show the amount of fee deducted per directional interconnector. This fee is calculated directly from the number of units held by the participant for that directional interconnector in that quarter, multiplied by the fee for that unit type. Currently, if the IRSR accumulated in the first weekly payment of the quarter is insufficient to offset the fee, it will be carried over to the next week and so on. If the total IRSR in the quarter for that directional interconnector is insufficient to offset the fees, those fees are taken as un-recovered and written off for that participant, to be reconciled with other under-recovered auction expenses.

Going forwards, the settlement statement will still show a fee for each line in the settlement statement, applied to each directional interconnector. The fee applied to each directional interconnector will now be calculated as the pro-rated amount of the total fees due from that participant, based on the amount of IRSR earned in that (weekly) billing period for that participant, for that directional interconnector. Note, if the total IRSR earned by a participant in a quarter is insufficient to offset the total fees for that quarter, the balance will be carried over to the next quarter.

An example is included below.

Assume

- a participant has engaged in activity for VIC-SA and SA-VIC directional interconnectors for Q1 2021, with the following number of units allocated and cancelled in each unit type

Directional interconnector	Number of units allocated	Number of units cancelled
VIC-SA	10	6
SA-VIC	50	25

- The fees for these units have been set as follows¹:

Directional interconnector	Allocation fee	Cancellation fee
VIC-SA	\$36.78	\$87.64
SA-VIC	\$7.45	\$20.28

- The participant has no fees to carry over from the previous quarter.

¹ Fees will continue to be set through the existing process, using the calculation specified in the Auction Rules and approved by the SRC. These are examples only.

Draft Statements with SRA Secondary Trading Implementation

As such, the total fees for the participant, as calculated at the start of the quarter is \$1773.14, calculated as follows²:

$$Fee(p, q, 1) = \sum_u (n(p, q, u, c) \times F(q, u, c)) + \sum_u ((n(p, q, u, a) \times F(q, u, a)) + Fee(p, q - 1, n))$$

$$Fee(p, q, 1) = (6 \times 87.64 + 25 \times 20.28) + (10 \times 36.78 + 50 \times 7.45) + 0 = \$1773.14$$

Assume in the first billing period, the total IRSR accumulated on each directional interconnector is \$50,000 on VIC-SA, and \$15,000 on SA-VIC, resulting in a distribution to the participant based on the proportion of units they hold.

Directional interconnector	Total IRSR accumulated	Distribution to participant
VIC-SA	50000	$227.27 = \frac{10 - 6}{880} \times 50000$
SA-VIC	15000	$487.01 = \frac{50 - 25}{770} \times 15000$

For settlement, the auction fees payable is calculated as a pro-rated amount allocated to each interconnector, depending on the amount of IRSR accumulated on each in that billing period. This is deducted from the IRSR to find the actual payment, where the actual payment is the maximum of auction fees payable less the IRSR on each interconnector and zero dollars.

This will result in settlement calculations for the participant as follows:

Directional interconnector	IRSR	Auction fees payable	Auction fees payable calculation	Actual payment	Actual payment calculation
VICSA	227.27	564.18	$= \frac{227.27}{227.27 + 487.01} \times 1773.14$	0	$= \max((227.27 - 564.18), 0)$
SAVIC	487.01	1208.96	$= \frac{487.01}{227.27 + 487.01} \times 1773.14$	0	$= \max((487.01 - 1208.96), 0)$

Following this payment, the remaining fees to be recovered is \$1058.86. ($1773.14 - 227.27 - 487.01$). This will be deducted from the IRSR earned the following billing payment period and so on until all fees have been offset.

The statement item will show the amount of auction fee that has actually been paid for the quarter. As such, when the auction fees payable is greater than IRSR that participant has accrued the auction fees payable columns will show the minimum of the IRSR and auction fees payable. As per now, participants will be able to find the remaining fees to be collected by accessing information available through the Data Interchange.

Settlement Residue Auction - weekly Allocation of Interconnector surplus

Interconnector	From Region	Quarter	Distributed Surplus	Total Adjustments	Total Net Surplus	Allocated Units	Allocated Surplus	Auction Fees (Purchase and Cancellation)	SRA Payment
V-SA	SA1	1	\$15,000.00	\$0.00	\$15,000.00	25.00	\$487.01	\$487.01	\$0.00
V-SA	VIC1	1	\$50,000.00	\$0.00	\$50,000.00	4.00	\$227.27	\$227.27	\$0.00
Total			\$65,000.00	\$0.00	\$65,000.00	29.00	\$714.28	\$0.00	\$0.00

Update to title

² The calculation is set out in Clause 15 of the Settlements Residue Auction Rules.