

# MINUTES

MEETING: Settlement Managers Working Group  
 DATE: Monday, 19 October 2020  
 TIME: 10am to 12pm  
 LOCATION: Online WebEx

## ATTENDEES:

COMPANY	COMPANY
1st Energy Pty Ltd	Esso Australia Pty Ltd
Alinta Energy	Globird Energy Pty Ltd
APA Group	Hydro Tasmania
Arcadia Energy Trading Pty Ltd	Infigen Energy Markets Pty Limited
Arrow Energy Trading Pty Ltd	Innogy Energy Marketing Australia Pty Ltd
Balance Commodities And Energy Pty Ltd	InterGen (Australia) Pty Ltd
Basslink	Lal Lal Wind Farms Nom Co Pty Ltd
Blue NRG	Lincoln Gap Wind Farm
Clean Peak Energy	Macquarie Bank Ltd
Click Energy Pty Ltd	Meridian Energy Australia
CQ Energy	MTA Energy Pty Ltd
Crookwell Development Pty Ltd	Origin Energy Electricity Limited
CS Energy Ltd	Pacific Hydro
CSR Limited	Power Club Limited
Delta Electricity	Progressive Green Pty Ltd t/a Flow Power
Diamond Energy Pty Ltd	ReAmped Energy Pty Ltd
Discover Energy	Res-group
Elliott Green Power	Shell Energy Australia Pty Ltd
Elysian Energy Pty Ltd	Snowy Hydro Limited
Energy Locals	Sumo Power Pty Ltd
Energy Services Management	Wemen Asset Co Pty Ltd
EnergyAustralia	Weston Energy Pty Ltd
Engie	

## 1. Project Updates (Presenter: Stephen Harrison, Arlyne Yuliana)

Stephen Harrison provided updates on the web portal refresh, Five Minute Settlement and Global Settlement, Wholesale Demand Response, Retailer Reliability Obligation and Procurer of Last Resort while Arlyne Yuliana provided updates on the Declared Wholesale Gas Market (DWGM) enhancements project.

### 1.1. Web Portal Refresh

- AEMO Web Market Portal will be refreshed in November 2020 and will create a simplified experience for the external stakeholders when interacting with AEMO systems.
- Notable changes will be the addition of notification and online help capacity and a wider refresh of the colour palette in line with the AEMO website.

### 1.2. 5 Minute (5MS) and Global Settlements (GS)

- Following AEMC's determination, both 5MS and GS projects have been delayed by 3 months.
- 5MS rule will commence on 1<sup>st</sup> Oct 2021 and the GS rule will come into force on 1<sup>st</sup> May 2022.

### 1.3. Wholesale Demand Response (WDR)

- AEMC published the final rule determination on 11<sup>th</sup> June 2020 which requires the WDR mechanism to start on 24<sup>th</sup> October 2021.
- AEMO currently working on developing a baseline methodology and consulting with participants via WDR Technical Working Group.

### 1.4. Retailer Reliability Obligation (RRO) & Procurer of Last Resort (PoLR)

**Question:** Is the RRO compulsory? If so, how?

**Answer:** All NEM participants are subject to the RRO rule requirements per the NER although not all participants (or any) will necessarily be impacted.

### 1.5. Declared Wholesale Gas Market (DWGM) Enhancements

- AMDQ and AMDQ CC to be retired at the end of gas day 31<sup>st</sup> Dec 2022 and removing any associated components of Ancillary and Uplift payments.
- Procedure consultation will commence in Q1 2021.

## 2. Credit Limit Procedures – Annual Review (Presenter: Katalin Foran, Cheryl Huang)

Katalin Foran presented on the key takeaways from the Credit Limit Procedures (CLP) annual review. The 2020 CLP review found that 2% prudential standard is met in the NSW, QLD and SA, while TAS has a reduced data-set (only joining the NEM in 2006) the prudential standard cannot be met currently.

Cheryl Huang introduced the prudential education session that can be organised with the Prudentials team to assist participants to obtain better understanding about the prudential matters.

**Question:** How do you register for the MCL training?

**Answer:** Please contact [prudentials@aemo.com.au](mailto:prudentials@aemo.com.au).

**Question:** For MCL calcs, does AEMO Estimated Generation (EG) incorporate seasonality? Our hydros generate more during summer due to the snow melting & flowing into rivers.

**Answer:** Yes. Estimated generation is incorporated in the MCL calculation on a seasonal basis. It's estimated using the historical data starting from the start date of the previous like season till the calculation up to date. For example, for 2021 summer MCL review, we use the historical data starting 2020 summer season.

### **3. NEM Prudential Forecast (Presenter: Paul Capes)**

Paul Capes presented the NEM Prudential Forecast tool that is currently available to all registered participants in NEM. It provides participants with a forecast of their expected prudential position for the next business day in NEM, enabling participants to better manage their prudential requirements.

**Question:** Are the prudential forecasts linked to the MTPASA model?

**Answer:** The forecast prudential position of a company is determined using a forecast price curve and a forecast energy curve based on three different scenarios for the next business day. The prudential forecast methodology is available on AEMO website - <https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/prudential-forecast>

**Question:** Does AEMO issue warning limit to participant if Forecast Outstanding's of any of the three POE is negative?

**Answer:** Participants may subscribe to the "Daily Forecasted Prudential Position" alert on Settlements Direct to receive the notification.

### **4. EMMS Settlements Direct Subscriptions (Presenter: Paul Capes)**

Paul Capes also provided an overview of the Settlements Direct subscriptions. Settlements Direct is a web interface within AEMO Market Portal for accessing files related to Settlement and Prudential. It also allows subscriptions to alert with different categories.

### **5. Early Payments (Presenter: Callum Carpenter)**

Callum Carpenter presented the advantages of early payment to mitigate the risks associated with late payments. Participants are encouraged to nominate the early payment arrangement especially during the holiday seasons.

### **6. Prudential Dashboard – Credit Support View (Presenter: Callum Carpenter)**

Callum Carpenter introduced the new credit support view on the prudential dashboard, that will be released as part of the 5MS project. The new credit support page will provide participants with additional functions such as simulation of new bank guarantee provision and exchange.

**Question:** I guess the 'Prudential Dashboard - Credit Support View' is a new implementation?

**Answer:** Yes, the new Credit Support page is a new implementation and will be available along with the 5MS release.

**Question:** Has there been any further progress on moving to digital guarantees since the last SMWG?

**Answer:** Yes, the Lygon digital bank guarantee platform has entered a limited commercial trial phase and AEMO will be keenly monitoring the results. AEMO is also working with the

Lygon group to establish acceptable legal terms to enable the platform to be utilised in energy markets.

### **7. Reallocation (Presenter: Pedro Riveros)**

Pedro Riveros informed that the 5 minute trading interval changes for reallocation will now take place from 1 October 2021, to be aligned with the effective date for 5MS project. Pedro also introduced a newly added function for reallocation, where participants can download the file to view details of each reallocation.