

# MINUTES

MEETING: Settlement Managers Working Group  
 DATE: Tuesday, 11 October 2022  
 TIME: 10:00am to 11:30am  
 LOCATION: TEAMS

## ATTENDEES:

Company	Company	Company
1st Energy Pty Ltd	Energy Locals Pty Ltd	ReAmped Energy Pty Ltd
Adelaide Brighton Cement Ltd	Energy Queensland Limited	RES Group
AGL Sales Pty Ltd	Engie	RM Hedge
Agora Retail Pty Ltd	Ergon Energy Queensland Pty Ltd	RWE Renewables Australia
Alcoa Portland Aluminium Pty Ltd	Flow Power	SA Water Corporation
Alinta Energy	GEE Power & Gas Pty Ltd	SEAGas
Amber Electric Pty Ltd	Genex (Solar) Pty Ltd	Shell Energy Australia Pty Ltd
Ampol Energy (Retail) Pty Ltd	Globird Energy Pty Ltd	Snowy Hydro Ltd
APA Facilities Management Pty Ltd	Group Energy Pty Ltd	Stanwell Corporation Limited
Arrow Energy Trading Pty Ltd	Heck Group	Sumo Power
Aurora Energy Pty Ltd	Hydro Tasmania	Sun Metals Corporation Pty Ltd
Basslink Pty Ltd	Iberdrola Australia Energy Markets Pty Limited	Tas Gas Retail
Beach Energy Ltd	Macquarie Bank Ltd	Telstra Energy (Generation) Pty Ltd
Beijing Energy International	MTA Energy Pty Limited	The Energy Collective
Bluescope Steel Limited	Nectr	Tomago Aluminium Company Pty Ltd
CSR Building Products Limited	Neoen	Vector Renewables
Delta Electricity	Next Business Energy Pty Ltd	VIOTAS Australia Pty Ltd
Diamond Energy Pty Ltd	Origin Energy Electricity Limited	Vocus Group
Electricity in a Box Pty Ltd	Pacific Hydro Retail Pty Ltd	Weston Energy Pty Ltd
Enel Energy Australia Pty Ltd	PowerChina Australia Development Pty Ltd	Windlab Pty Ltd
Energy Australia	Powow Power Pty Ltd	Woodside Energy
	Qenos Pty Ltd	

## 1. Welcome and Session Intro (Presenter: Stephen Harrison)

Stephen Harrison has highlighted the impact of geopolitical and meteorological events and the impact on commodity prices. Looking for feedback on the initiatives that are presented in the meeting.

### 1.1 Gas prices surge

- An overview of the gas prices surge between May – Jul 2022.

## 1.2 NEM Markets

- Ongoing high underlying prices in NEM. This financial pressure resulted in record number of trading margin breaches between May to Jul 2022.
- Highlighting great participant cooperation for resolution.
- Level of security held by AEMO has increased over this time to support trading margins.
- Concern of cash versus bank guarantees, leading into next presentation

## 2. Re-assessing MCL Under Extreme Market Conditions (Presenter: Katalin Foran)

- Overview of why credit support is needed and how AEMO determines MCL.
- MCLs were too low as the forecasts prices were 2 to 4 times lower than actuals. Consequences could lead to larger risk of shortfall.
- Katalin described the existing determination of MCL that doesn't cater for price volatility in extreme condition and proposed a process of triggering re-assessment of MCL, its calculation and exiting from the revised MCL.
- Proposed change will go for consultation, with issue paper to be published in late Oct/early Nov 2022 and call for feedback.

**Question:** Is there an issue with having cash in place of a guarantee?

**Answer:** Cash represents a risk to the market due to risk of participant failure which could lead to a clawback of any cash provided for the past 6 months. In normal situations, not too concerning but looking back on previous season it can lead to issues. Whereas a guarantee is secure collateral. Trying to find a way to protect against significant shortfall.

**Question:** Multiple comments regarding the removal of cash as an option.

**Answer:** AEMO is not removing cash/security deposits as an option. However, it should not be used as a long term solution. Hence the need for possible MCL reviews.

**Question:** When will AEMO accept electronic Bank Guarantees?

**Answer:** 3 key areas need to be looked at. First is legal compliance with the rules and this is currently being assessed. Second is commercial terms, on what basis would participants engage with the platform and associated costs. Third is related to technology, how would it sit within AEMO's platform and would it align with rules.

It is progressing well and should be seeing some traction in the next 12 months.

**Question:** Reallocations and load following reallocations.

**Answer:** AEMO recognizes the changing nature of generation mix as we move away from the traditional. AEMO welcomes the suggestion and will consider to include broader reallocation type in the future when opportunity arises.

## 3. NEM June Events Payments Overview (Presenter: Christine Kang)

- Christine gave an overview of NEM June 2022 events over billing weeks 25-26 which included generator direction, RERT, market suspension, and APC.
- Highlighted June event payments that have already been processed and amounts not yet processed. Example for participants to understand magnitude of their share of the market suspension.
- APC are not linked to revision cycles. APC details and estimated payments will be communicated in due time, pending advice from AEMC. APC compensations will be

communicated via settlements communication emails. Please ensure contact details are updated to receive this information.

#### **4. Global Settlements Post Go-Live Review (Presenter: Darren Gatty)**

- Darren recalled unexpected UFE in NEM post Global Settlements going live 1<sup>st</sup> May 2022 i.e., billing week 19 onwards.
- Examples of resolved and unresolved UFE issues given and presented the average UFE Trend along with the next steps and expectation post future meter data receipt.
- Fact sheet requested by participants will be sent out.
- Annual report will be produced, consultation on reporting guidelines is underway.

#### **5. Prudential tools – Gas Pre-payment template (Presenter: Pedro Riveros)**

- Pedro went through a new prepayment template that is easier to use.
- Template has been used in STTM now, and will be rolled out to DWGM, NEM in GSH in coming months.
- Further feedback from users is welcomed.

#### **6. Closing and Q & A**

- Stephen informed that the presentation slides and answers to questions will be sent out to participants in about a week.
- No further questions asked at the end of the meeting.