

Five Minute Settlements Project: High-Level Impact Assessment

Document Title	Settlements Guide to Ancillary Services Payment and Recovery		
Rule Consultation Req.	No	Priority	Medium
Prepared by	Canh Diep	Business Owner	Market Management
Consultation Group	PWG	Consultation Package	Miscellaneous
Link	https://www.aemo.com.au/-/media/Files/PDF/SETTLEMENTS-GUIDE-TO-ANCILLARY-SERVICES-PAYMENT-AND-RECOVERY-V2.pdf		

Description of Document	<p>This guide:</p> <ul style="list-style-type: none"> • Describes the different types of Ancillary Services (AS) that AEMO procures from Market Participants to ensure the safe, secure and reliable operations of the NEM system. • Describes the methodology for calculating AS payment to and cost recovery from the relevant and eligible market participants. • Provides worked examples to demonstrate the step-by-step recovery calculations for each AS type. • Lists the relevant AEMO public and confidential reports to assist Market Participants with validating and reconciliation of their AS payment and costs in Settlements statements. 		
Precedent Procedures / External Document	<p>Regulation FCAS Contribution Factor Procedure ¹</p> <p>http://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/Electricity_Consultations/2018/Causer-Pays/Regulation-FCAS-Contribution-Factors-Procedure-v2.docx</p> <p>Regional benefit ancillary service procedure</p>	Dependent Procedures / External Document	NA

¹ Previously named "Causer Pays Procedure". The Procedure sets out the approach to calculating Causer Pay Factors which are used in allocating Regulation FCAS costs to Market Participants. Changes to this Procedure are in the Draft stage of NEM Rule consultation process. The final Procedure is expected to be published on 4 November 2018 with an effective date of 19 November 2018. This hyperlink refers to the draft Procedure and will be updated upon AEMO publishing the final Procedure.

	https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Security-and-reliability/Ancillary-services/Regional-benefit-ancillary-services-procedure		
<p>Summary of Changes – Five Minute Settlements</p>	<ol style="list-style-type: none"> 1. Changes related to 5MS: <ul style="list-style-type: none"> • Amend allocations for market and non-market ancillary services recovery based on 5-minute energy volumes. • Impact on the guide: <ul style="list-style-type: none"> ○ Section 2.3.1, 2.3.2, 3.3, 3.4 - Amend formulae for both market and non-market AS cost allocations based on 5-minute energy volumes ○ Appendix A1- A4: Amend all worked examples to with cost allocations based on 5-minute energy volumes. 2. Changes unrelated to 5MS <ul style="list-style-type: none"> • General improvements: <ul style="list-style-type: none"> ○ To re-arrange the contents of the document by applying a similar document structure as in the NEM Procedure template where appropriate, for e.g. migrating Section 4 (Glossary of Terms) and Appendix E (References) to the beginning of the document. ○ To update/fix the hyperlinks to reference documents, procedures and policies. ○ To apply editorial changes to improve clarity and readability, and maintain consistent use of the terms between the guide, the NER and the related Procedures or Policies. • Specific changes: <ul style="list-style-type: none"> ○ Section 2 – Market Ancillary Services: To insert a sub-section to provide high-level description of FCAS payment calculations which are currently omitted. ○ Section 2.3.3: expanded to provide a short description of market participant factors (MPF). ○ Section 2.3.4: expanded to show the difference in cost recovery calculations between global and local regulation FCAS. ○ Appendix B: To re-arrange the data table list in a more logical order grouped by AS type. Redundant data tables will be removed, and new data tables will be added as required. ○ Appendix D: Update Figure 3 – 6 with current screenshots of the respective information on AEMO website. New screenshots will be added as required. 		

	<ul style="list-style-type: none"> ○ References to <u>AEMO Causer Pays Procedure 5.0</u> in section 2.3.3 and Appendix E: Amended to <u>Regulation FCAS Contribution Factor Procedure</u>.² 		
Summary of Potential Changes – Global Settlements	<p>No impact has been identified.</p> <p>AEMO will continue to monitor the development of Global Settlements and update this Guide if required.</p>		
External Stakeholder Impacted	<p>Yes</p> <p>Market Generators</p> <p>Market Customers</p>	<p>AEMO Business Units Impacted</p>	<p>Market Management - Settlements</p>
Issues for Stakeholder Consultation	<p>PWG to discuss and provide feedback on the proposed changes to the guide outlined above and the consultation approach</p>		
System Impact	<p>Changes to this guide will not incur system impact. However, system changes are required to implement changes to market and non-market AS cost allocations on 5-minute energy volumes.</p>		

² The final Procedure is expected to be published on 4 November 2018 with an effective date of 19 November 2018. This hyperlink refers to the draft Procedure and will be updated upon AEMO publishing the final Procedure.