

Five Minute Settlements Project: High-Level Impact Assessment

Document Title		Credit Limit Procedures	
Rule Consultation Req.	Yes	Priority	High
Prepared by	Austin Tan	Business Owner	Prudentials
Consultation Group	PWG	Consultation Package	Prudentials
Link	https://aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/Electricity_Consultations/2018/CLP2/Credit-Limit-Procedures-v4-FINAL.pdf		

Description of Document	The credit limit procedures (CLP) are made in accordance with clause 3.3.8 of the National Electricity Rules (NER) to establish the methodology by which the AEMO will determine the prudential settings for each Market Participant so that the prudential standard is met for the National Electricity Market (NEM).		
Precedent Procedures / External Document	N/A	Dependent Procedures / External Document	N/A
Summary of Changes – Changes to reflect the 5MS rule	<ul style="list-style-type: none"> • Update of all references in the CLP that refer to half hourly load, price and reallocations to reference five minute load, price and reallocations. • Formulas for calculations of market participant prudential settings to remain as current, with only the level of data granularity changing. • Terms within the CLP that will use five minute data: <ul style="list-style-type: none"> • Participant Risk Adjustment Factor (PRAF_{L,R}, PRAF_{G,R}, PRAF_{R,R}, PRAF_{R,R,C}) • Average Price for the Region (P_R) • Half-hourly Regional Load (ERL_{HH,R}) Profile • Half-hourly Regional Price (ERL_{HH,R}) Profile • Half-hourly Regional Price (ERL_{HH,R}) Profile for cap value C • Outstandings Limit Volatility Factor (VFOSL_R) • Prudential Margin Volatility Factor (VFOSL_R) • Estimated Half-hourly Load (EL_{HH,R}), (EL_{HH,M,R}) • Estimated Half-hourly Generation (EG_{HH,R}), (EG_{HH,M,R}) • Half-hourly Reallocation Amounts (RC_{HH,R})/(RD_{HH,R}), (RCS_{HH,R})/(RDS_{HH,R}) 		

<p>Summary of Changes – Changes to the season definitions</p>	<ul style="list-style-type: none"> The Credit Limits Procedures define three distinct seasons for market participant prudential requirements; summer (December to March), winter (May to August) and shoulder (April and October to November) seasons. The proposed amendments will update the season definitions, moving the month of April under the winter season. This change reduces administrative complexity and risks for both market participants and AEMO. 		
<p>Summary of Potential Changes – Global Settlements</p>	<p>No impact.</p>		
<p>External Stakeholder Impacted</p>	<p>Market participants</p>	<p>AEMO Business Units Impacted</p>	<p>Prudentials</p>
<p>Issues for Stakeholder Consultation</p>	<ul style="list-style-type: none"> It is expected that the use of data at five minute granularity will improve the accuracy of market participant prudential requirements. It is expected that moving the month of April under the winter season will reduce administrative complexity and risks for both market participants and AEMO. 		
<p>System Impact</p>	<p>Current assumptions around the scope of 5MS system changes:</p> <ul style="list-style-type: none"> Data tables currently used for the maximum credit limit (MCL) calculation will remain the same. The only change will be the inclusion of more periodIDs (i.e. expanding from 48 to 288) The formulas for the MCL calculation will remain the same. Key task once five minute data is included will be to ensure and test that the MCLs are calculated properly using the expanded data set. <p>Current assumptions around the scope of season related system changes:</p> <ul style="list-style-type: none"> Configuration changes to the MCL calculation Changes to AEMO internal prudential screens 		