

Fact Sheet: WEM Credit Support

In the Western Australian Wholesale Electricity Market (WEM), AEMO must determine a Credit Limit for each Rule Participant [WEM Rule 2.37.1]. Rule Participants must ensure that, at all times, AEMO holds the benefit of Credit Support that is an amount not less than the most recently determined Credit Limit [WEM Rule 2.38.1(b)].

This Fact Sheet provides guidance to Rule Participants who wish to update their Credit Support arrangements in the WEM. This Fact Sheet should be read in conjunction with the WEM Rules and the [Market Procedure: Prudential Requirements](#).

Providing or Increasing Credit Support

The following sections describe the process to provide Credit Support. In accordance with the WEM Rules, AEMO accepts Credit Support in the form of:

- A Bank Guarantee from an entity that meets the Acceptable Credit Criteria; or
- A cash deposit (Security Deposit).

Providing a Bank Guarantee

- Rule Participants must provide Credit Support in the format prescribed by AEMO. A [Bank Guarantee template](#) is available on AEMO's website and must not be altered.
- A Bank Guarantee must be provided by an entity that meets the Acceptable Credit Criteria. AEMO publishes a [list of Entities that meet the Acceptable Credit Criteria](#). If a Rule Participant wishes to provide a bank guarantee from an entity that is not on the list then an '[Acceptable Credit Criteria Application Form](#)' must be provided.
- A draft Bank Guarantee must be submitted to AEMO at wa.settlements@aemo.com.au in draft for review prior to being executed.
- Once the draft document has been agreed by AEMO, a signed original hard copy of the Bank Guarantee must be provided to AEMO either in person, by courier or registered mail.

Providing a Security Deposit

- A Security Deposit must be provided via Austraclear (NEMM32) or deposited into the following AEMO account. Rule Participants must advise AEMO when a deposit has been made:
 - Branch:** National Australia Bank, 100 St Georges Terrace WA 6000
 - Account Name:** Australian Energy Market Operator Ltd on account of Western Australia Settlements
 - BSB:** 086-006
 - Account:** 23-718-2404
- When providing a Security Deposit for the first time, a Rule Participant must provide a corresponding Security Deposit deed.
 - A [Security Deposit deed template](#) is available on AEMO's website and must not be altered.
 - A draft Security Deposit deed must be submitted to AEMO at wa.settlements@aemo.com.au for review prior to being executed.
 - Once the draft document has been agreed by AEMO, a signed original hard copy of the Security Deposit deed must be provided to AEMO as soon as practicable. The Security Deposit deed must be signed by directors from the Rule Participant.
 - Once the documents are received AEMO will arrange its directors to execute the Security Deposit deed and return a copy to the Rule Participant.

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- When increasing the amount of a Security Deposit, Rule Participants may provide AEMO with a Security Deposit direction rather than a replacement deed¹. The benefit of a Security Deposit direction is that may be sent to AEMO via email at wa.settlements@aemo.com.au by an authorised representative, rather than requiring a director's signature.
- In relation to each Security Deposit provided by Rule Participants:
 - A Security Deposit gives rise to a security interest under the Personal Property Securities Act (PPSA) and is therefore registered on the Personal Property Securities Register (PPSR) in order to safeguard the security as contemplated in each Security Deposit Deed. Rule Participants are provided with a copy of the PPSR registration documents.
 - Once cleared funds are available, AEMO will deposit the funds into an interest-bearing trust account. Interest will be payable to the Rule Participant as per the [Security Deposit – Investment Policy](#).

Decreasing or request return of Credit Support

If a Rule Participant's Credit Limit is lower than the Credit Support held by AEMO, the Rule Participant may elect to withdraw an amount to decrease its Credit Support to an amount not less than its most recently determined Credit Limit.

- A Rule Participant must make a request to AEMO - WA Prudentials and Settlements (wa.settlements@aemo.com.au) in writing for withdrawal of its Credit Support.
- The return of a Bank Guarantee must be arranged with AEMO and will require the completion of a form to acknowledge the return of the Bank Guarantee.
- A Security Deposit will be returned to the Austraclear ID nominated by the Rule Participant in the Wholesale Electricity Market System (WEMS). If the Rule Participant wishes to receive the funds via EFT then AEMO will return funds to the bank account details provided in the WEMS.

Amending the form of existing Credit Support

A Rule Participant may choose to update or amend its form of existing Credit Support (e.g. swap a Security Deposit for a Bank Guarantee, swap a Bank Guarantee for a Security Deposit, replace a Bank Guarantee).

- A Rule Participant must make a request to AEMO - WA Prudentials and Settlements (wa.settlements@aemo.com.au) in writing.
- Note that Credit Support held by AEMO can only be released once the updated Credit Support documents are executed.



**For any further enquiries, please contact
WA Prudentials and Settlements at**

- wa.settlements@aemo.com.au

¹ A Security Deposit direction may only be used if the Security Deposit Deed is v5.0 or later.