

9 July 2025

Australian Energy Market Operator (AEMO)  
level 12/171 Collins St,  
Docklands VIC 3000

**Consultation on automation of negative residue management for the implementation of transmission loops**

Snowy Hydro welcomes AEMO's review on:

- The treatment of transmission loops, from the implementation of the PEC interconnector.
- 'Cycling' issue in the existing clamping process.
- Other possible enhancements or changes to the existing NRM process and design.

If the Australian Energy Market Commission (AEMC) is to proceed with the 'netting off' approach for allocating positive and negative inter-regional settlements residue (IRSR) in transmission loops then there are more items that need to be reviewed in addition to what AEMO has initially proposed. AEMO should assess the treatment of impacted SRA units and the impact of a declining SRA market should the rule change proceed.

**Treatment of impacted SRA units**

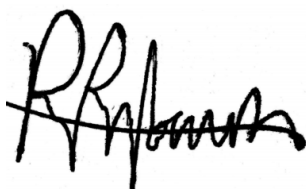
SRA units should continue to be auctioned on impacted directional interconnectors in tranches as per current procedure. Should the netting approach be successful this will devalue existing SRA units and may lead to certain market participants requesting these units to be re-auctioned or handed back. This could undermine future auction confidence but may be needed following the change. It's important that AEMO addresses this early on and signals to market participants what could occur.

**Impact of SRA's need to be modelled by AEMO**

The netting approach could potentially reduce the amount that people would pay for SRAs, which would then make them even less valuable as it would reduce TNSPs SRA revenue. SRAs would be worth less than they are now and would be a bit unpredictable depending on when negative residues occurred which could impact the SRA market. AEMO should model any impacts it could have on the market.

Snowy Hydro appreciates the opportunity to respond to the Consultation on automation of negative residue management for the implementation of transmission loops. Any questions about this submission should be addressed to [panos.priftakis@snowyhydro.com.au](mailto:panos.priftakis@snowyhydro.com.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Panos Priftakis".

Panos Priftakis  
Head of Wholesale Regulation  
Snowy Hydro