

WHOLESALE ELECTRICITY MARKET

PROCEDURE CHANGE REPORT: AEPC_2020_07

MARKET PROCEDURE: SETTLEMENT

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EXECUTIVE SUMMARY

Purpose

The publication of this Procedure Change Report and the accompanying Market Procedure completes the Procedure Change Process conducted by AEMO to consider proposed amendments to the Market Procedure: Settlement (Procedure) under the Wholesale Electricity Market Rules (**WEM Rules**).

Proposed amendments

In November 2019 AEMO submitted Rule Change Proposal RC_2019_04 Administrative Improvements to Settlements . AEMO proposed several improvements to settlement processes including allowing AEMO to use updated input data for settlement, provide more time for Rule Participants to lodge a Notice of Disagreement and include Ancillary Service Providers in the settlement process.

The Amending Rules under RC_2019_04 were approved by the Rule Change Panel in modified form and following Ministerial approval, commenced on 2 July 2020.

Clause 2.9.3(b) of the WEM Rules requires a Market Procedure to be amended where a change is required to maintain consistency with Amending Rules. AEMO has therefore initiated this Procedure Change Proposal, proposing amendments to the Procedure to ensure that it is consistent with the Amending Rules introduced by RC_2019_04.

Consultation

The Procedure Change Proposal was first consulted on at the AEMO Procedure Change Working Group (APCWG) meeting on 30 November 2020. Stakeholders did not request any changes at the meeting.

AEMO published the Procedure Change Proposal (AEPC_2020_07) on the Market Web Site and issued a call for submissions on 21 January 2021. The submission period closed on 19 February 2021, with submissions received from Synergy. AEMO has responded to the issues raised in the submissions in Section 3.3 and has updated the Procedure where necessary.

AEMO's decision

AEMO's decision is to accept the Procedure, as amended, following the consultation period. AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives, the Electricity Industry Act 2004, the Electricity Industry (Wholesale Electricity Market) Regulations 2004, and the WEM Rules.

Next steps

The revised Market Procedure: Settlement will commence at 8:00 am on 19 March 2021.



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1. BACKGROUND

1.1. Regulatory requirements

AEMO has published this Procedure Change Report in accordance with the Procedure Change Process specified in section 2.10 of the WEM Rules.

1.2. Context

Clause 2.9.3(b) of the WEM Rules requires a Market Procedure to be amended where a change is required to maintain consistency with the Amending Rules. AEMO has initiated this Procedure Change Proposal to propose amendments to the Procedure to ensure that it is consistent with the Amending Rules under RC_2019_04: Administrative Improvements to Settlements¹.

The Amending Rules introduced by RC_2019_04:

- allow AEMO to use updated input data for settlement.
- provide more time for Rule Participants to lodge a Notice of Disagreement.
- include Ancillary Service Providers in the settlement process.
- require AEMO to determine the Minimum Transaction Cost (replacing the \$1.00 minimum settlement amount that applied under the pre-Amending Rules).

1.3. Procedure change process and timetable

On 21 January 2021, AEMO published a Procedure Change Proposal (AEPC_2020_07) for the Market Procedure: Settlement and issued a call for submissions.

The proposal was progressed using the Procedure Change Process specified in section 2.10 of the WEM Rules with submissions required by 19 February 2021.

2. PROPOSED PROCEDURE CHANGE

This section details the changes that AEMO proposed when the call for submissions was published.

2.1. Detail of the proposed procedure change

The proposed changes to the Market Procedure are summarised below:

- Revisions to section 4 of the Procedure to:
 - clarify that AEMO may use updated input data for the Non-STEM Settlement Adjustment Process that AEMO considers to be in compliance with the WEM Rules or that has been revised in accordance with the WEM Rules (step 4.3.2).
 - require AEMO to notify the Rule Participant during the final Adjustment Process that AEMO has decided to use a revised value and the reason for its decision (step 4.3.5).
- Revisions to section 8 of the Procedure to:
 - remove reference to the minimum settlement amount being \$1.00 (step 8.1.7).
 - specify that AEMO must nominate an EFT Facility to be used by all Rule Participants for settlement (step 8.2.1).

¹ The Amending Rules under RC_2019_04 were approved by the Rule Change Panel in modified form in the Final Rule Change Report and required Ministerial approval. The Minister approved the Amending Rules on 17 June 2020 and the rules commenced on 2 July 2020. Refer to: https://www.erawa.com.au/rule-change-panel/market-rule-changes/rule-change-rc_2019_04



- specify that AEMO must determine the Minimum Transaction Cost, which now replaces the \$1.00 minimum settlement amount (step 8.2.2).
- require AEMO to publish any revised Minimum Transaction Cost where AEMO becomes aware that the minimum cost charged by the EFT Facility has changed (step 8.2.3).
- Revisions to section 9 of the Procedure to:
 - reflect the single disagreement deadline for initial and adjusted Non-STEM settlement statements and one disagreement deadline for adjusted STEM Settlement Statements (steps 9.1.1, 9.1.6, 9.1.7 and 9.1.8).
 - specify that a Notice of Disagreement should be submitted in the manner and form prescribed by AEMO on the Market Web Site (step 9.1.2).
 - remove the restrictions on the information that can be the subject of a Notice of Disagreement (step 9.1.5).
 - reflect that AEMO may seek further information from a Rule Participant in respect to a Notice of Disagreement submitted by that Rule Participant (step 9.1.9).
 - specify that AEMO may extend the deadline for it to respond to a Notice of Disagreement (step 9.1.14).
- Various other revisions to:
 - align terminology to the Amending Rules.
 - formatting and typographical updates.
 - minor consequential changes.
 - minor changes to reflect AEMO’s current Market Procedure Template.

2.2. Proposed drafting

AEMO published a draft of the proposed Procedure for consultation. Clean and change-marked versions are available at: https://aemo.com.au/en/consultations/current-and-closed-consultations/aepc_2020_07.

3. CONSULTATION PROCESS

3.1. Market Advisory Committee or Working Group

The Market Advisory Committee (MAC) has delegated its advisory role with respect to AEMO Procedure Change Proposals to the AEMO Procedure Change Working Group (APCWG), in accordance with clause 2.3.17(a) of the WEM Rules.

A draft version of the proposed amended Market Procedure was presented at the AEMO Procedure Change Working Group held on 30 November 2020. The minutes and papers from the AEMO Procedure Change Working Group meeting can be found at: <https://aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/wem-aemo-procedure-change-working-group>.

AEMO published the Procedure Change Proposal (AEPC_2020_07) on the Market Web Site and issued a call for submissions on 21 January 2021.

In accordance with clause 2.10.9 of the WEM Rules, AEMO notified the MAC once the Procedure Change Proposal was published and noted that the Rule Change Panel would convene a meeting of the MAC if two or more members requested it. The MAC did not convene a meeting for this Procedure.



3.2. Public workshop

No public workshops were held in relation to this Procedure Change Proposal.

3.3. Submissions received during consultation period

AEMO received one submission from Synergy to the Procedure Change Proposal. The submission is summarised in Table 1 below.

Table 1 Specific comments and AEMO's responses

Respondent	Step	Comment	AEMO's response
Synergy	-	<p>Synergy suggests the WEM Procedure should be amended to reflect the formatting of new WEM Procedures released as part of the New Energy Transformation Strategy, which involves:</p> <ul style="list-style-type: none"> usage of 'paragraph' and 'part' instead of 'sections' (e.g. paragraph 1.2.3); correction of redundant terminology, e.g. 'WEM Procedure' as opposed to 'Market Procedure' (e.g. paragraph 1.1.1); and the replacement of portions of part 1.1 and part 1.2 of the WEM Procedure to reflect the new formats. 	<p>AEMO concurs with Synergy's suggestions, and has amended the Procedure accordingly.</p>
Synergy	3.3.6, 3.3.7, 4.3.2, 9.1.8	<p>Synergy considers that step 1.1.2 does not appear to reflect clause 2.31.23 of the WEM Rules, and suggests that the Procedure be amended to reflect this clause.</p>	<p>AEMO concurs with Synergy's suggestion, and has amended the Procedure accordingly.</p>
Synergy	9.1.3	<p>Synergy considers that, under the WEM Rules, there is no obligation for Rule Participants to contact AEMO in the event that AEMO fails to acknowledge the receipt of the Notice of Disagreement, and considers this new obligation unnecessary and suggests its removal.</p>	<p>AEMO considers that the addition of this obligation ensures that IT or communication failures (i.e. failure to send/receive emails) do not prevent the receipt of the Notice of Disagreement from being acknowledged.</p> <p>AEMO propose rewording the relevant section to remove the obligation on Market Participants.</p> <p><i>"If the Rule Participant does not receive this acknowledgment, they must may contact AEMO to confirm that the Notice of Disagreement was delivered successfully."</i></p>



Respondent	Step	Comment	AEMO's response
Synergy	9.1.9	Synergy notes that, under the WEM Rules, a timeframe is not stipulated for the information request specified in step 9.1.9, and suggests that it not be less than three Business Days.	AEMO concurs with Synergy's suggestion, and has amended the Procedure accordingly.
Synergy	-	Synergy suggests various typographical corrections.	AEMO concurs with Synergy's suggestions, and has amended the Procedure accordingly.

4. AEMO'S ASSESSMENT

4.1. Further changes to the Procedure

AEMO has amended the Procedure as indicated in Section 3.3, and has made additional minor administrative, typographical, and formatting amendments.

4.2. Consistency with Electricity Industry Act, WEM Regulations, and WEM Rules

The revised Procedure has been reviewed by AEMO to ensure compliance with the relevant provisions in the:

- Electricity Industry Act 2004.
- Electricity Industry (Wholesale Electricity Market) Regulations 2004 (WEM Regulations).
- WEM Rules.

4.3. Consistency with Wholesale Market Objectives

AEMO considers that the steps are drafted in a way that is consistent with the objectives of the WEM Rules. As a result, AEMO considers that the revised Procedure is consistent with the Wholesale Market Objectives.

4.4. Implementation of the Procedure

The Procedure was developed in accordance with clauses 4.14.11 and 4.17.9 of the WEM Rules.

Market Participants have not raised issues with implementing the Procedure.

Consequently, AEMO considers that commencement at 8:00 am on 19 March 2021 will allow Rule Participants sufficient time from the date of publication of this Procedure Change Report to ensure compliance.

4.5. AEMO's decision and commencement

AEMO's decision is to accept the Procedure as amended following the consultation period. The new Market Procedure: Settlement will commence at 8:00 am on 19 March 2021.

AEMO has made this decision on the basis that the new Procedure:

- Is consistent with the Wholesale Market Objectives.
- Is consistent with the Electricity Industry Act, WEM Regulations, and WEM Rules.
- Has the general support of submissions received during the consultation period.



The revised Market Procedure: Settlement is available at: https://aemo.com.au/en/consultations/current-and-closed-consultations/aepe_2020_07.