

MINUTES

MEETING: Settlement Managers Working Group
 DATE: Friday, 13 June 2014
 TIME: 10.00am – 3.00pm
 LOCATION: Melbourne
 ATTENDEES:

COMPANY	COMPANY
AEMO	Pacific Hydro
AGL	People Energy
EnergyAustralia	Red Energy
GDF Suez	SECV
Hydro Tas	Snowy Hydro
Lumo Energy	Stanwell
M2	WINEnergy
Origin Energy	

Gas

1. Gas Supply Hub overview

The Gas Supply Hub (GSH) began operations on 20 March 2014. An overview on the market model, framework, billing and prudentials was presented. The main settlement and prudential sections of the Exchange Agreement were explained and all participants present have been satisfied with the market systems and operation so far.

It was asked why the market was started on the 20th of the month instead of the 1st of the month. The Standing Council on Energy and Resources (SCER) requested the market be implemented before Q1. AEMO considered their work program and project plan and the 20th was the most efficient date that was not a weekend and not the start or end of the week.

The question was raised as to why there isn't a calculation for minimum exposure in the gas markets equivalent or similar to the maximum credit limit calculation in the National Electricity Market (NEM). Participants agreed that it was difficult to determine how much collateral to provide for the gas markets. The gas rules only require a guarantee to be provided to cover AEMO fees. This issue has been discussed at the gas consultative forums where there has been no appetite for change.

2. Cross gas market prudentials

The cross gas company prudentials and cross gas market prudentials concepts were originally identified as a key priority for further investigation by the Gas Wholesale Consultative Forum (GWCF) in November, 2013. Markets to be included in this investigation are the Short Term Trading Market (STTM) and Declared Wholesale Gas Market (DWGM).

AEMO sought feedback from participants on the tangible and intangible benefits and whether their financial institutions would support the initiatives. Feedback was positive and the GWCF has approved further work be undertaken by AEMO starting with preparation of a detailed program of work.

All Markets

3. Last meeting action items

Action item	Result
Action 1: Gas materiality in gas markets - AEMO will provide this information to both consultative forums before publishing on the AEMO website.	<p>This document has been published in the DWGM and STTM sections of the AEMO website, scroll down the document to the appropriate section:</p> <p>DWGM http://www.aemo.com.au/Gas/Metering-and-Settlements/Victorian-Declared-Wholesale-Gas-Market</p> <p>STTM http://www.aemo.com.au/Gas/Metering-and-Settlements/Short-Term-Trading-Market</p>
Action 2: Gas materiality in gas markets - AEMO will review the GSH request and consider what would be appropriate for this new market	The Revision document that was published earlier this year is not intended to cover GSH. (Special) Revisions in GSH are covered in the Exchange Agreement, clause 18.5, pages 57 & 58.
Action 4: AEMO to inform participants when new credit support pro forma is available. As a courtesy, banks will also be notified.	Participants were informed by an AEMO Settlements Update and financial institutions were also sent the pro forma with marked changes.
Action 5: AEMO to update participants on any progress on the project to introduce cross market and cross entity credit support.	This was presented in the SMWG gas session, the projects will be limited to the DWGM and STTM markets at this time with a view to expand to the NEM.

4. Market clearing procedure review

AEMO's clearing guide is available on the AEMO website <http://aemo.com.au/Electricity/Policies-and-Procedures/Settlements-Procedures/AEMO-Market-Clearing-Guide> and has been updated to include the Gas Supply Hub. Participants were encouraged to review their internal processes and refresh staff on clearing and prudential rules' obligations with regards to payment dates and timings.

5. Settlements direct performance

Settlements Direct is a web-based system for all markets designed to provide participants access to files such as settlement statements and tools such as the prudential dashboard and it is part of the EMMS web browser. A refresher on access, file encryption and capabilities was presented. All participants present currently utilise Settlements Direct.

6. Settlements Direct alerts (participant requirements)

Settlements Direct has the potential to issue alerts to market participants by E-mail and SMS. A number of alerts were presented to participants to gauge their interest in those alerts while seeking suggestions for other possible alerts. A disclaimer for confidentiality was discussed and the point was made that in practice, a disclaimer requirement would prevent AEMO automatically setting up participants to receive alerts so participants would manually have to subscribe themselves to alerts.

Next steps are to take review participant feedback, undertake a feasibility/cost assessment, submit for internal approval and establish priority alert list.

Proposed alerts and participant responses:

Proposed alert	Participant feedback
NEM forecast	All particularly interested especially with SMS alerts for this one.
NEM prudential position: <ul style="list-style-type: none"> • Morning • End of day 	Prefer if only sent when participant has actually breached the trading limit, may come complacent if alerts are sent every day. Would it be possible to set a threshold of when the alert is triggered?
Gas prudential position at end of day	Only if something that requires action has occurred or may occur
Guarantee expiry – all markets	Consider a sequence of reminder alerts to allow administration of guarantee e.g. 30 day, 20 day, 10 day
Insufficient NEM credit support <ul style="list-style-type: none"> • 5 days prior, when MCL will be greater than guarantee 	Possibly 10 days and then 5 days for this alert to allow for guarantee administration time.
NEM and GSH reallocations: <ul style="list-style-type: none"> • Reallocation is awaiting authorisation • Reallocation awaiting authorisation about to expire 	Useful
NEM and GSH security deposit maturing	Useful
STTM and DWGM prepayments	Useful
NEM trading margin breach	Consider the timing of the alert e.g. will there be another prudential run that would change the position before prudentials is closed out
NEM and GSH early payment reminder	Useful

NEM settlement amount has switched from receive to payer	Useful
--	--------

An MCL letter alert was requested but participants may already subscribe themselves in Settlements Direct to receive an email as soon as the MCL letters have been issued.

Action item 1: AEMO will investigate the disclaimer requirement further as part of this project. Participants are interested in the wording and whether it would be acceptable to their legal review.

7. Support hub project

AEMO has been working on improving the Support Hub including specialist training by the Settlements and Prudentials staff over the past 12 months on how to resolve enquiries and when to escalate. Response times are measured and all participants are encouraged to contact the Support Hub for all future enquiries, this will assist in tracking queries and identifying knowledge and information gaps. One participant did provide feedback that they have been using the Support Hub and have found the Support Hub staff helpful and the requested data was received earlier than expected.

8. Open discussion

Participants were encouraged to raise any issues, new ideas, suggest improvements to create a wish list for future AEMO projects.

Suggestion	Action/response
Reallocations for the MCL calculation - can AEMO use reallocations at the same level that was used for the previous season MCL review even though the new season reallocations have not been entered into the system yet?	No. AEMO cannot make any assumptions about how a participant will manage their liabilities. AEMO can only review an MCL based on the actual load, generation and reallocation that is available in the MMS system.
Reallocations: <ul style="list-style-type: none"> • Reallocation screens in MMS interface: The view screen is very messy to look at, it would be good to be able to sort and filter the reallocations including sorting into MCL seasons. Historic reallocations also appear and are messy and difficult to read through. • Reallocation screen – date calendar. When selecting dates, the calendar appears as Mon to Sun but a NEM billing week runs from Sun to Sat, could this be changed? 	Action item 2 – AEMO to send request to participants for feedback on the reallocation screens and their reallocation browser wish list.
Participant ID - is it possible to delete redundant participant ID's?	Redundant participant ID's cannot actually be deleted but their status may be deregistered. They will still be visible with the deregistered

	status.
Settlements Direct issues – when logged into Settlements Direct in one market it is difficult to move to another market without clicking again on the previously visited market.	Action item 3 – Origin to send screen shots of issue for further investigation.
Gas statements – it would be preferred if final statements displayed the net balance of the monthly final amount and the revision statement/s due.	Action item 4 – next time that AEMO is working on the gas statements this enhancement will be included.
Gas dashboard – Gas invoice is included in the prudential calculation but shows the invoice as not issued yet. There may be a difference of 2 or 3 days between when the invoice has been issued and when it appears as being issued on the dashboard.	Action item 5 – GDF Suez to send screen shots of issue for further investigation.
NEM dashboard – Outstandings may not include a reallocation that has been entered.	If settlement processing has not been run yet, the dashboard may not include the reallocation information depending on when it was entered and when it is for.
STTM dashboard – It would be good to know which gas day the data runs up to as it does on the VIC gas dashboard.	Action item 6 – next time AEMO is working on the STTM dashboard, this enhancement will be included.
MSATS – does AEMO have a metric on the MSATS performance?	Action item 7 – AEMO to investigate with the metering team.
Settlement market iCalendars – the settlement alert reminders are set to off so they don't automatically pop up. Can this be set to on?	Action item 8 – Settlements to investigate
Reallocation – dollar reallocations between STTM and DWGM would be useful in management of prudentials	This will be considered when compiling information for the cross gas market prudentials project.

Electricity

9. NEM weekly ancillary services reporting

Ancillary Services reporting has been improved. The website has been updated and participants can now subscribe in Settlements Direct to directly receive Ancillary Services summary files.

10. NEM call notice rule change

Currently, due to the call notice timeline, prudentials must be remedied no later than 10.30 am. AEMO submitted a rule change to change the call notice timeline from 12 noon to 1 pm. This extra hour will allow an extra hour for participants to remedy prudentials with a new deadline of 11.30 am. This rule change will come into effect on 1 July 2014.

11. Credit limit procedures (CLP) consultation

The Australian Government intends to repeal the Clean Energy Act 2011 and it is anticipated that the Senate will vote on the proposed legislation repeal after 1 July, 2014, retrospective to that date. AEMO will respond accordingly, removing the carbon price adjustment used in the CLP and the new maximum credit limit would be effective approximately three weeks after official notification of the repeal.

It was asked if the actual change to the CLP would be retrospective and it will not.

12. NEM settlements estimation data

AEMO currently does not provide metering, settlement and billing data for interim periods. Interim and daily billing runs are estimate runs based on the best available data. AEMO is proposing to publish the files on Settlements Direct:

- Output data of settlement estimations
- INTRIM Settlements run
- INTRIM Billing Run

This project is not yet final and may not proceed. The SMWG was asked whether this type of detail was of benefit to them. Some responded they do not require that much detail and others want a better understanding of how this information affects them.

Action item 9 – Participants to provide feedback on whether this information would be useful to their company.

Action item 10 – AEMO to provide information on how this process would work if the data was available.

It was suggested that the benefit might be in measuring the performance of Meter Data Provider and the impact on prudential assessment.

13. Settlement Residue Auction (SRA) update

AEMO will now issue preliminary statements for SRA. They will be issued on the 5th business day of the quarter and are for information only. The statements will be available through the participant file share and Settlements Direct and participants may subscribe to receive the statements via Settlements Direct.

14. Prudential margin offsets

Prudential margin offsets are amounts that can be used to offset liabilities when establishing a prudential margin. AEMO is considering a Rule change that will allow reallocations to be taken into account in the prudential margin. AEMO is also reviewing the MCL process to ensure that the level of generation in the MCL calculation is an adequate reflection of actual generation on an ongoing basis. This work has the support of the NEM Wholesale Consultative Forum.

15. Futures offset arrangements (FOAs)

FOAs are a form of offset that would be used in the MCL calculation based on a participant's futures position. AEMO is now reviewing the potential for an FOA and has recently assessed the market appetite for FOA. A paper will most likely be presented to the NEM CF in September.

16. CDEII update

AEMO is required by the National Electricity Rules (NER) to calculate CDEII using emission data that is publicly available and from a reliable source. AEMO has completed an impact assessment using ACIL Allen's draft emission intensity factors (based upon NGER data released on 28 February 2014), which resulted in a 2.5% average increase to the CDEII. The new emission factors have been loaded into AEMO systems effective 1 June 2014, and will be first published in the CDEII on 16 June 2014.

17. Next Meeting

The November 2013 SMWG was presented via video conference in all AEMO city offices as suggested at the May 2013 SMWG. At the end of the November meeting, participants noted their dissatisfaction for this style of meeting format and elected to return to the face-to-face format. AEMO previously held face-to-face meetings at the airport but participants voiced their preference for a city location so that they could still drop by their office, as a local or visitor and attend other meetings on the day.

The June 2014 working group was held as a face-to-face meeting at the AEMO office in Melbourne city and participants nominated to continue meeting face-to-face in Melbourne without the unwanted disruption of a dial-in facility. The next meeting will be held in approximately six months.