

MINUTES – SMWG

MEETING: Settlement Managers Working Group
DATE: 30th April 2019
TIME: 10am
LOCATION: Webex and AEMO Offices, Melbourne, Sydney, Brisbane and Perth

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1. Review of previous minutes and action items

All action items from the previous meeting were presented as complete or addressed within specific agenda items during the working group presentation.

2. Items for noting

2.1. Electricity Market

2.1.1. 5-Minute and global settlement project update

Christine Kang provided an update on the settlement procedures being updated as part of the 5MS and GS projects. Christine also highlighted the upcoming project forums and working groups.

2.1.2. Prudentials procedure updates for 5-minute settlement

Katalin Foran detailed the three prudential procedures requiring updates for 5MS;

- Settlement Estimation Procedures – consultation completed,
- Reallocations Procedures – consultation completed, and
- Credit Limit Procedures – currently consulting.

2.1.3. 5-Minute settlement reallocations

Pedro Riveros presented the initial proposed changes to AEMO's 5MS development team for the reallocations interface as part of the 5MS project and presented the currently expected release dates. The proposed changes include;

- API will expose all the methods used in the web UI, methods to create, list, authorise among others (an earlier version of the API will be available for 30 minutes reallocations, Some of the features will only be available in the 5-minutes release),
- Single list of all reallocations and the ability to filter and sort this list,
- Regional calendars; additional calendars for participants to choose (only available at the 5MS API release)
- Fill-in functionality allows participants to enter a value for a nominated range of intervals (implemented with 5MS),
- Authorisation streamline, and
- Reallocation alerts, this will be enabled through settlements direct, Participant feedback on the below alerts can be emailed to prudentials@aemo.com.au with suggestions for functionality and market benefits.
 - Notify participant if there is public holiday calendar change for a reallocation already entered.
 - Notify **both parties** (if participant is subscribed) of any **status change** for a reallocation.
 - Notify of a **counterparty** action that **change status** of a reallocation.
 - Remind participants if ex-ante due date; or ex-post due date; is approaching and not yet authorised.

Question: With the release of the API, can participants automate their reallocations i.e. can I set up my computer to submit my reallocations for me daily?

AEMO Response: Yes.

Question: Can the debit and credit reference be changed to something more intuitive/easy to understand – suggestion: send and receive?

AEMO Response: AEMO's view is that conceptually the terms are understood and clear for most of the participants using reallocations, making a change in this may cause more confusion than benefits.

AEMO Question: Is there any preference in the timing of the alerts?

Participant Response: From the general interest 2 days before the due date.

2.1.4. MCL review changes

Cheryl Huang detailed the proposed changes to MCLs included in the 5MS Credit Limit Procedures consultation;

- Energy estimates calculated at company id level instead of participant id level.
- Removal of Shoulder 1 - proposal to include April in the Winter MCL, and thus only have 3 seasonal MCL reviews Summer (December to March), Winter (April to August) and Shoulder (September to November).

2.1.5. Update on proposed dashboard improvements from the last SMWG

Rebecca Malmur presented on the proposed prudential dashboard changes;

- Addition of company id onto dashboard
- Upcoming MCL effective date and amount (when applicable),
- Colour change of the outstandings in the 'summary' table,
- Addition of 'credit support' table,
- Change of outstandings line colour,
- Moving the 'outstandings components' table to allow room for the 'credit support' table, and
- Formatting change of NEM final and preliminary dates.

2.1.6. Generator direction communication email

Leslie Chai discussed AEMO's requirement to notify participants individually in writing to advice of payment amounts (NER 3.12.2C (2)).

- Current Process – communications emails are sent when directions are included in Statements
- New Process – remove requirement to send emails when directions are included in Statements

2.1.7. Reliability and Emergency Reserve Trader (RERT) overview

Leslie Chai outlined the 2 RERT activation events in 2018/19

- 24th January – shortfall in VIC and SA
- 25th January – shortfall in VIC
- \$34.19M recovered in 2019 Week 4

Enhancement to RERT - AEMC Rule Change draft determination available on AEMC website.

- Final determination to be published in May 2019

Potential changes for Settlements;

- Changes to cost recovery process whereby costs are recovered from consumers who contributed to the need for RERT

- Increased reporting requirements

2.2. All Markets

2.2.1. Update on credit support replacement and clarification of 10 business day rule

Cheryl Huang presented an update on replacing credit support in the NEM, DWGM and STTM and the 10 business day rule.

AEMO is seeking clarification regarding the 10 business days and if they include;

- The day the replacement guarantee is provided or
- The day the existing guarantee is due to expire or terminate.

Please note that AEMO is currently seeking legal clarification regarding this issue, to ensure AEMO's procedures are in line with the rules. No changes to procedures/process will be made without first consulting with participants.

Question: Does this mean we have been non-compliant with the rules for the past how many years? Will there be consultation on this issue as the cost to participants is high?

Question: Does the effective date of the new bank guarantee need to start the day after the current bank guarantee expires?

AEMO Response: The effective date of the new bank guarantee needs to be on the expiry date or earlier.

Action Item 1: AEMO will take the feedback provided to the AEMO legal team and seek legal clarification on this matter. If you would like to provide feedback on this issue, please email prudentials@aemo.com.au with specific details you would like clarified.

2.2.2. Prepayment and security deposit template update

Pedro Riveros demonstrated the new email templates for;

- NEM SDA Application - emails sent from AEMO will have hyperlinks for 3 options (apply in full, apply a portion and roll over) which will be prepopulated with known participant information.
- Prepayment and SDA Provision - hyperlinks to the provision templates can be found under the AEMO signature block, making it easier for participants to access SDA or prepayment templates.

Question: Can AEMO ensure this will work with GMAIL and not just Outlook.

AEMO Response: Yes, it will work with GMAIL

2.2.3. Settlements direct and subscriptions

Paul Capes outlined the Settlements Direct process for participants to subscribe to receive settlement statements, prudential alerts, MCL letters, etc.

Question: Can there be a new alert made for NEM – only sent if the participant is forecasted to have a negative trading margin the following day?

Action Item 2: AEMO to investigate building an alert for NEM – only sent if the participant is forecasted to have a negative trading margin the following day.

2.3. Gas Market

2.3.1. GSH credit support – 10 business day rule and prudential calculation

Cheryl Huang detailed the GSH prudential calculation procedure and the treatment of expiring bank guarantees. If a bank guarantee has an expiry date of less than 10 business days on the day of the trading limit calculation, it will be excluded.

Within 24 hours of becoming aware that a Market Participants existing Credit Support ceases to ensure its trading margin stays above zero, the Market Participant must provide:

- A replacement or additional credit support or
- Reallocation or
- Security deposit

Question: Can AEMO please provide the reason why AEMO doesn't recognise the legal tender of the bank guarantee 10 business days before the expiry? Will AEMO be seeking additional legal advice?

Action Item 3: AEMO has asked for participants to email prudentials@aemo.com.au with specific concerns or issues regarding this matter. AEMO will take all feedback to the AEMO legal team and seek justification for this treatment of the bank guarantees

3. Other Business

Action Item 4: AEMO to investigate the use of a dollar reallocation or reassignment agreement to net down the long and short dollar exposures to reduce the financial cost to MP's?