

# MINUTES – SMWG

MEETING: Settlement Managers Working Group  
DATE: Tuesday, 29 August 2017  
TIME: 9.30 am  
LOCATION: AEMO Offices, Melbourne

## ATTENDEES:

NAME	COMPANY
AGL Energy	Rochelle Wang
Alinta Energy Retail Sales Pty Ltd	Peter Lowke
Aurora Energy Pty Ltd	Steve Wilson
Click Energy Pty Ltd	Krissy Brock
CQ Partners	Reza Evans
CQ Partners	Nick Eades
CS Energy Limited	Janelle Durie
Delta Electricity	Peter Kav
EnergyAustralia Pty Ltd	Edwin Chu
Engie	Christine McMaster
Engie	Grace De Lorenzo
FRV Services	Aaron Felizardo
Lochard Energy	Chotima Micallef
Lochard Energy	Ee Siew Ong
Meridian Energy Australia	Adrian Leong
Origin Energy	Fergus Stuart
Progressive Green Pty Ltd	Mayank Parekh
Qenos	Peter Stulic
Qenos	Sophie Li
Stanwell Corporation Limited	Ricky Brooks
Sumo Power	Peter Goonan
Tilt Renewables	Marcelle Gannon
Weston Energy	Gerrod Murphy
<b>SECRETARIAT:</b>	
Emma Clarke (Chair)	AEMO
Karla White	AEMO
<b>PRESENTERS:</b>	
Christine Kang	AEMO
Paul Capes	AEMO
Katalin Foran	AEMO
Maria Haralabakos	AEMO
Andrea Jenz	AEMO
Trudi Reilly	AEMO
Pedro Riveros	AEMO
Melly Tan	AEMO
Arlyne Yuliana	AEMO

## 1. Apologies

Kath Brierty (Diamond Energy) and Kristenne Chan (Vocus) were noted as an apology for this meeting.

## **2. 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.

## **3. Items for noting**

### **3.1. Gas Markets – DWGM, STTM, and GSH**

#### **3.1.1. DWGM Unaccounted For Gas (UAFG) Automation**

Maria Haralabakos explained that UAFG is the difference between the measured quantity of distributed gas and the gas billed to customers. AEMO currently manually creates the UAFG files and is working on automation of the process to create and issue UAFG files.

**Discussion:** When will this be released?

**AEMO response:** During 2018, currently scheduled for the mid-year 2018 release however, this has not been confirmed. AEMO will communicate the release date once firm.

#### **3.1.2. Gas market invoices netting**

Melly Tan presented the existing invoice layout that states the final statement total, revision statement total and prepayment applied amount as three separate values. With the introduction of invoice netting, a single final invoice will be issued with a single statement total amount for each participant ID and this information will be reflected on the prudential dashboard.

**Discussion:**

- When will this be released?
- Engie has offered to participate in the rollout test program.

**AEMO response:** The release is currently expected in Q1, 2018. AEMO will communicate the release date once firm.

#### **3.1.3. Streamlining prudentials in DWGM, STTM and GSH**

Karla White presented AEMO's proposal to facilitate the sub-allocation of a single bank guarantee across the STTM, DWGM and GSH. In order to implement such a proposal, participant financial institutions must first support and collaborate with AEMO to develop a suitable pro forma.

**Action 1:** AEMO to consider accepting amendments to existing guarantees instead of a physical swap of existing guarantees.

**Action 2:** AEMO to look the possibility of using online guarantees with the banks or ASX online delivery of guarantees. Work was done on this in the past with the ASX and it was halted due to ASX. It seems even more relevant now to modernise the process and explore this again.

**Action 3:** AEMO to investigate the potential introduction of reallocations in the gas markets.

## **3.2. All Markets**

### **3.2.1. All markets special revision process**

Christine Kang clarified the special revision process for all markets and circumstances that would require a revised statement under the rules.

**Action 4:** AEMO last determined material financial amounts in 2013 and gas prices have increased significantly since then. Therefore, AEMO is to consider the change and consultation on *Gas Market Settlement Revision Guideline* as part of the 2018 review to reflect the current and future market trends.

**Question:** Why is there a difference between revision period length for STTM (9 months) and DWGM (6 months)? Can AEMO align them?

**AEMO response:** AEMO will consider the change during the revision policy consultation process.

**Action 5:** The current NEM revision process can inadvertently create financial exposure:

- AEMO to explore reduction in gap between NEM revision periods, perhaps add an additional revision e.g. 10 weeks, 20 weeks and 30 weeks.
- AEMO to explore a new process around seeking affected participants' approval for a special revision before the 30 weeks revision.
- Review the current basic meter estimation and profiling methodology. Under the current methodology, a participant could be financially exposed during a high price period and carry the financial burden until 30 weeks revision – this was demonstrated during week 5/6 2017.

To manage these concerns better going forward, AEMO to review the *NEM Settlement Revisions Policy* through consultation.

**Action 6:** Participants have been encouraged to engage more frequently with their MDP during high price and high demand periods and AEMO will raise this action with the Metering Team seeking further support for participants from the MDPs.

### **3.2.2. Prudential dashboard refresh**

Pedro Riveros gave an overview of the upgrade to the look and feel of the prudential dashboard.

**Action 7:** AEMO to repair and reinstate the bank guarantee scenario builder tool that has been removed from the dashboard due to some defects.

**Action 8:** Participants requested some improvements to the dashboard:

- Include a table of guarantees on the dashboard and in particular, the dates of when a new guarantee is required.
- In addition to the current MCL value, display any new MCL coming up and the effective date.
- The participant ID is now located on top menu ribbon and is no longer in the main screen area of the dashboard. AEMO to return the participant ID into the central section of the dashboard.
- Yellow is used on the prudential graph and summary table that appears on the dashboard and it is difficult to read. AEMO to replace with a darker colour, perhaps orange.

### **3.2.3. Cash for collateral**

Katalin Foran discussed AEMO's proposal to explore the possibility of introducing cash for collateral as an additional option for participants, initially in the NEM.

**Discussion:** Katalin was seeking to gauge participant interest and support of this proposal.

- Participants agreed they would still use guarantees with cash as an available option, particularly for short term cover as arranging a guarantee can take one to two weeks to organise.
- One participant said that as a relatively new entrant in the market, this option would have been extremely helpful in the past two years on numerous occasions.
- Participants would like to use dollar reallocations to maintain their prudential requirements

#### **3.2.4. AEMO stakeholder engagement commitment**

Trudi Reilly explained what participants, as key stakeholders, should expect when they contact AEMO and AEMO's ongoing commitment to participants to be impartial, balanced, consultative, open and honest.

**Discussion:** 16 participants expressed dissatisfaction and frustration with the AEMO website. The main issue seems to be broken links. AEMO to investigate any issues when participants contact Prudentials and Settlements with any specific problems they may experience.

### **3.3. National Electricity Market**

#### **3.3.1. Credit Limits Procedure (CLP) effectiveness - annual review & proposed changes to the CLP**

Katalin Foran presented findings from the CLP effectiveness annual review and proposed future changes. Participants were encouraged to discuss their views on the current CLP and potential changes.

**Discussion:** There were concerns that all future MCLs are being increased because of one high priced season.

**Question:** Is AEMO looking at increasing the Prudential Margin?

**Action 9:** AEMO will consider this in future assessments of the CLP.

#### **3.3.2. Prudential margin offsets**

Karla White presented the benefits and conditions of Prudential Margin (PM) offsets, the PM offsets will be available to participants in the next summer review (effective 30 Nov 2017) and to access, participants must opt-in via the AEMO web portal.

**Action 10:** AEMO to send out the link to the new calculator to participants.

#### **3.3.3. Business alerts**

Pedro Riveros gave an update on the NEM business alerts, the adoption so far and how to subscribe. Participants were encouraged to share their experience with the alerts so far and the feedback was positive.

**Action 11:** AEMO to develop similar alerts for the gas markets.

**Action 12:** AEMO to follow-up issue currently logged with the support hub where participants are not able to amend the subscription check box options in the new web portal.

#### **3.3.4. Reallocations Q&A**

In response to participant requests, Pedro Riveros held an open session on reallocations and participants were invited to raise any issues and ask any questions they may have.

**Action 13:** AEMO to prepare some worked examples for participants.

**Action 14:** AEMO to explore accepting an uploaded file containing the daily profile. Instead of nominating an amount, AEMO to use actual meter data as the current forecast method can be difficult for participants. Further to this, AEMO to extract this reallocation information and incorporate in the MCL.

### **3.3.5. Participant contact details**

Pedro Riveros gave an update on how Prudentials and Settlements contacts participants, the latest contacts update and the roles AEMO must have on record.

**Discussion:** AEMO does not appear to have any centralised contact record, participants have to update their details in multiple areas of the business. This does cause some frustration.

**Action 15:** Settlements to advise how participants can update contacts for SRA and to update the SRA statement with the correct AEMO Austraclear code.

### **3.3.6. Ideas for improving the CLP**

Katalin Foran discussed potential improvements to the CLP and encouraged participants to offer any suggestions for improvement.

**Discussion:** Participants were asked if the Shoulder 1 season could be removed from the schedule and those present were supportive of or indifferent to this change. It was suggested by participants to consider the spacing of the scheduled reviews.

## **4. Other Business**

### **4.1. Survey Results**

In response to the feedback collated from the survey, AEMO proposes to schedule a full day face to face Settlement Managers Working Group in Melbourne with a later start, in twelve months. The rooms will be opened early should participants wish to arrive early to network with industry peers or complete some tasks. The working group agenda will be refined for maximum flexibility and efficiency.

## **5. Next meeting**

The meeting closed at 3.00 pm and the next SMWG meeting is scheduled for the second half of 2018.