

NEM EARLY SETTLEMENT PAYMENT PROCEDURE

PREPARED BY: Market Management

VERSION NO: 1.1

FINAL

Version Control

Version	Date	Description
1.0 Draft	14-Sep-2009	Initial draft for consultation
1.0 Final	21-Dec-2009	Final version updated based on consultation
1.1 Draft	23-Apr-2018	Draft version updated for AEMO Markets Portal payment nomination
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1. Introduction

The National Electricity Rules (NER) requires all Market Participants to pay AEMO in cleared funds on the 20th business day after the end of a billing period (referred to as the settlement payment date). AEMO has established a Spot Market Operations Timetable which specifies that funds must be received by 10:30am Sydney Time on the settlement payment date.

This procedure enables Market Participants, through AEMO Markets Portal, to nominate to pay on the 19th business day after the end of the billing period (i.e. the business day prior to the settlement payment date, referred to as the early payment date) at their own discretion.

This has been established to provide greater flexibility in making settlement payments, and to reduce the risk of payment delays. Additionally, a Market Participant may also make an early payment in response to a prudential issue (refer to section 3.5).

For more information on the settlement process, refer to the NEM Settlement Process at the following location:

<http://www.aemo.com.au/-/media/Files/PDF/0530-0008-pdf.pdf>

2. Background

2.1 Rules Reference

NER clause 3.15.16 states:

On the 20th business day after the end of a billing period, or 2 business days after receiving a statement under clause 3.15.15, whichever is the later, and in accordance with the timetable each Market Participant must pay to AEMO in cleared funds the net amount stated to be payable by that Market Participant in that statement whether or not the Market Participant continues to dispute the net amount payable.

2.2 Spot Market Operations Timetable

AEMO has established a Spot Market Operations Timetable as required under NER clause 3.4.3, which details the time by which Market Participants must pay in accordance with NER clause 3.15.16.

Market Participants are currently required to pay in cleared funds by 10:30am Sydney Time on the 20th business day after the end of the billing period.

The timetable is available at the following location:

<http://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Settlements-and-payments/Prudentials-and-payments/Settlement-Calendars>

3. Procedure

The following procedure has been adopted to enable Market Participants to make an early payment via AEMO Markets Portal at their own discretion.

3.1 Request

Email prudentials@aemo.com.au detailing the Market Participants intention to use the early payment nomination and the start date from which the facility is requested, AEMO will enable the Market Participant to select the early payment option when they perform a payment nomination through AEMO Markets Portal.

A suggested request format is provided in [Appendix B](#)

3.2 Nomination

Market Participants are setup with a default nomination to pay on settlement payment date. Once a request for early payment has been received, Market Participants are able to nominate to pay on the early payment date at their discretion.

The Payment Nomination screen in the AEMO Markets Portal allows Market Participants to manage their own payment nomination. An authorised user can view the current nomination for the Market Participant and change the nominations effective billing week. Market Participants are able to change between normal and early payment at their own discretion.

Note that nominations for a particular billing week can only be made up until 2 business days before the Final statement is issued for the billing week.

Note AEMO also accepts a one-off Short Notice Early Payment per ad-hoc request (refer to Section 3.4.3).

3.3 Final Statement

On the 18th business day after the end of a billing period, AEMO issues a Final Statement for the billing period. This states the amount which is to be paid on settlement payment date. The due date in the Final Statement will always be the settlement payment date (i.e. the date that payment is required under the NER)

A Payment Information section is provided as part of the Final Statement to indicate whether an early payment date has been nominated. This is based on the effective nomination for the billing week at the time the Final Statement was produced.

An example of a Final Statement is provided in Appendix C.

3.4 Payment

For payments being received using Austraclear, AEMO creates a Reported Trade transaction based on the settlement amount, and the nominated payment date. If a Market Participant has nominated to pay early, the transaction in Austraclear will have a Settlement Date equal to the early payment date. The Market Participant should match this transaction as for a normal payment.

3.4.1 Successful Early Payment

Where the early payment is completed (i.e. cleared funds are available to AEMO) on the early payment date, no further action is required by the Market Participant related to this settlement.

AEMO will automatically use the funds during the settlement on the settlement payment date.

To ensure an early payment is successful, the Market Participant should arrange with their bank to have the settlement completed. There is no time deadline (e.g. 10:30am) for early payments, however the payment must complete before Austraclear closes.

3.4.2 Missed Early Payment

Failure to make an early payment in cleared funds on the early payment date is not a default event under the NER, and no action is taken by AEMO.

Where the early payment is not made, the Market Participant must pay using Austraclear on the settlement payment date. To facilitate this, AEMO will create a Reported Trade transaction in Austraclear for the stated settlement amount, with a Settlement Date equal to the settlement payment date. The Market Participant must make payment by 10:30am Sydney Time in accordance with the Spot Market Operations Timetable.

3.4.3 Short Notice Early Payment

Where a Market Participant has not nominated to make an early payment, AEMO may still permit the payment to be made early. An example would be where a Market Participant wishes to use the early payment to manage prudentials.

A short notice early payment will require manual intervention to change the Austraclear Reported Trade Transaction.

The Market Participant should notify AEMO Prudentials Team on or prior to the early payment date to make arrangements.

3.5 Prudentials

If an early payment is made prior to 11:30am Sydney Time on the early payment date, the Market Participant may use the paid amount as an offset against their outstandings. This enables the Market Participant to reduce their outstandings as a response to a prudential issue.

The Market Participant must notify the AEMO Prudential Team when they intend to use an early payment to manage their prudentials.

3.6 Interest Refund

Where a Market Participant has made an early payment to AEMO, any interest earned by AEMO on the payment amount is returned to the participant as part of the next settlement.

Interest is accrued between the date the early payment was made, and the settlement payment date (normally 1 business day). The interest rate applicable will depend on the facility used by AEMO for the short-term period of investment.

Details of the interest refund are provided in the Final Statement and Settlement Report.

An example of an interest transaction in the Final statement and Settlement Report is provided in Appendix C.

Appendix A: Glossary

Term	Meaning
Early Payment	A payment made on the early payment date
Early Payment Date	The 19th business day after the end of the billing period
NER	National Electricity Rules
Normal Payment	A payment made on the settlement payment date
Settlement Payment Date	The 20th business day after the end of the billing period

Appendix B: Suggested Request Letter

COMPANY LETTERHEAD

Date: DD Month YYYY

GM Market Management
Australian Energy Market Operator

Dear Sir/Madam

Early Settlement Payment Request

<Name of Company> <ABN of Company> is a Market Participant in the National Electricity Market, and is required to settle with AEMO according to Rules clause 3.15.16 and 3.15.17. <Name of Company> requests AEMO to allow for payments to be made early, in accordance with the NEM Early Settlement Payment Procedure.

This is requested to take effect from <Date after which early payment nominations can be made>.

<Name of Company> acknowledges that nominations will be made using the AEMO Markets Portal Web Browser by authorised representatives of the company.

Yours sincerely

Name
Position title

Appendix C: Statement Samples

The following samples provide the format of early payment information and transactions.

PDF Statements (Payment Information)

1



Final Statement

Reference: NNNN/NNN/NNN/PARTICIPANTID
 MSATS CASEID: NNNNNN

Enquiries
 1300 361 011

Statement Date
 DD MONTH YYYY

Due Date
 DD MONTH YYYY

Statement Total
 \$NNN,NNN,NNN.NN

Participant Company Name
 ABN: NN NNN NNN NNN
 Street No/ PO Box
 Street, City/State/Postcode

Summary of NEM Transactions for Week NN: DD Month YYYY - DD Month YYYY

Description	\$
Energy	NNN,NNN,NNN.NN
Ancillary Service	NNN,NNN,NNN.NN
Settlement Residue Auction	NNN,NNN,NNN.NN
Market Fees	NNN,NNN,NNN.NN
TNSP Residue	NNN,NNN,NNN.NN
Smelter-Reduction	NNN,NNN,NNN.NN
Security Deposits	NNN,NNN,NNN.NN
Reallocation	NNN,NNN,NNN.NN
Revision Adjustment	NNN,NNN,NNN.NN
Revision Interest	NNN,NNN,NNN.NN
→ Early Payment Interest	NNN,NNN,NNN.NN
Other	NNN,NNN,NNN.NN
GST	NNN,NNN,NNN.NN
Reassignment	NNN,NNN,NNN.NN
Total	NNN,NNN,NNN.NN

→ **Payment Information:**
 Nominated Payment Date: DD MONTH YYYY
 Nominated Payment Method: Austraclear

Market payments must be made using the Austraclear system. AEMO's Austraclear code is NEMM30. When the total above is a negative amount, the amount must be confirmed as a cleared payment to AEMO prior to 10:30am, Sydney Time, on the Due Date shown. When the total above is a positive amount, the amount will be available for receipting between 2pm and 4pm, Sydney Time, on the Due Date, subject to National Electricity Rules Clause 3.15.22

Notes to the statement

Australian Energy Market Operator Ltd ABN: 94 072 010 327
 Telephone: 03 9648 8777; Facsimile: 03 9648 8778



Tax Invoice

Detailed Transactions

Non Taxable Supplies made to AEMO

BAS Classification	Description	GST Exclusive (\$)	Sub Total (\$)
Input Taxed Supplies	Security Deposit Interest	NNN,NNN,NNN.NN	
	Direction Interest	NNN,NNN,NNN.NN	
	Revision Interest	NNN,NNN,NNN.NN	
	Early Payment Interest	NNN,NNN,NNN.NN	
	Manual Adjustment	NNN,NNN,NNN.NN	NNN,NNN,NNN.NN
GST-free Supplies	Smelter Reduction	NNN,NNN,NNN.NN	
	Manual Adjustment	NNN,NNN,NNN.NN	NNN,NNN,NNN.NN
Total Sales and Income & Other Supplies made to AEMO			NNN,NNN,NNN.NN

Supplies made by AEMO

BAS Classification	Description	GST Exclusive (\$)	Sub Total (\$)
Taxable Supplies	Energy NNN,NNN MWh	NNN,NNN,NNN.NN	
	Ancillary Service	NNN,NNN,NNN.NN	
	Compensation	NNN,NNN,NNN.NN	
	Pool Fee - EUA	NNN,NNN,NNN.NN	
	Pool Fee - NEM	NNN,NNN,NNN.NN	
	Manual Adjustment	NNN,NNN,NNN.NN	
GST Exclusive Amount			NNN,NNN,NNN.NN
GST Amount			NNN,NNN,NNN.NN
GST Inclusive Amount			NNN,NNN,NNN.NN
Acquisitions with no GST	Direction Interest	NNN,NNN,NNN.NN	
	Revision Interest	NNN,NNN,NNN.NN	
	Smelter Reduction	NNN,NNN,NNN.NN	
	Settlement Residue Auction Fee	NNN,NNN,NNN.NN	
	Manual Adjustment	NNN,NNN,NNN.NN	NNN,NNN,NNN.NN
Total Sales and Income & Other Supplies made by AEMO			NNN,NNN,NNN.NN

Transactions Not Subject to GST

Description	GST Exclusive (\$)	Sub Total (\$)
Reallocation	NNN,NNN,NNN.NN	
TNSP Residue	NNN,NNN,NNN.NN	
Settlement Residue Auction	NNN,NNN,NNN.NN	
Security Deposits	NNN,NNN,NNN.NN	
Compensation	NNN,NNN,NNN.NN	
Manual Adjustment	NNN,NNN,NNN.NN	
Revision Adjustment	NNN,NNN,NNN.NN	
Reassignment	NNN,NNN,NNN.NN	NNN,NNN,NNN.NN

Statement Total for Week DD of YYYY

NNN,NNN,NNN.NN

- End of Report -

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NEM Early Settlement Payment Procedure

SR Text Report (Early Payment Interest)

REPORT FOR Sample Energy				
Final Settlements ref 2018/038/002/SAMPLE				
Early Payment Interest Transactions				

Contract Year	Week No.	Date Paid.	Amount Paid (\$)	Interest Earned (\$)

2018	37	5-Jul-2018	-\$10,000,000.00	\$1,000.00

Total				\$1,000.00
