

# AUCTION REPORT 2010-3

PREPARED BY: SETTLEMENT RESIDUE COMMITTEE

DOCUMENT REF:

VERSION: 3.0

DATE: 5 NOVEMBER 2010

FINAL

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## 1 Introduction

Section 3.18 of the National Electricity Rules (NER) authorises AEMO to conduct Settlement Residue Auctions.

Clause 3.18.5 requires AEMO to establish a Settlement Residue Committee (SRC). One function of the SRC is to report on the auctions conducted by AEMO (clause 3.18.5(b)(3)).

The purpose of this document is to report on the auctions conducted by AEMO on 15 September 2010 and the distribution of residues for Quarter 3, 2010.

Note that all prices quoted in this report exclude GST.

## 2 Participation

To be eligible as an Auction Participant, Market Customers, Generators and Traders must enter into an Auction Participation Agreement (APA) with AEMO.

Prior to these auctions, 34 APA holders were able to bid at the Auctions and 17 participants lodged bids.

## 3 Auction Conducted

AEMO conducted a single auction covering the twelve quarters on 15 September 2010 as follows:

TRANCHE (YEAR/QUARTER)	PORTION OFFERED THIS AUCTION	PORTION AUCTIONED TO DATE
2010/4	25.00%	100.00%
2011/1	25.00%	75.00%
2011/2	25.00%	50.00%
2011/3	20.00%	40.00%
2011/4	16.67%	33.33%
2012/1	14.29%	28.58%
2012/2	12.50%	25.00%
2012/3	11.11%	22.22%
2012/4	10.00%	20.00%
2013/1	9.09%	18.18%
2013/2	8.33%	16.67%
2013/3	8.33%	8.33%

## 4 Auction Results

This section of the report details the public results for the auction conducted on 15 September 2010 for the relevant quarters.

The first twelve sub-sections of this section illustrate the public results for each of the relevant quarters for which auctions have been conducted. The final sub-section indicates in graphical form the performance of the clearing price

All units offered to date have been sold.

## 4.1 October – December 2010

All of the four tranches for this quarter have been completed for all unit categories with 100% of all units auctioned.

Table 4.1 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$32.15M.

*Table 4.1 – Auction Results – October to December 2010 (Q4)*

Clearing Price (per Unit)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	Total
T1 Clearing Price	\$1,804.00	\$5,750.00	\$2,702.00	\$17,500.00	\$3,201.01	\$6,252.00	
T2 Clearing Price	\$1,827.80	\$6,400.00	\$3,950.00	\$16,501.00	\$1,851.00	\$5,543.00	
T3 Clearing Price	\$1,672.00	\$7,208.66	\$3,250.00	\$13,505.00	\$1,925.00	\$5,841.00	
T4 Clearing Price	\$1,001.55	\$9,007.75	\$3,877.00	\$10,000.03	\$1,500.00	\$5,225.67	
Weighted Average Clearing Price of units auctioned	\$1,574.15	\$7,091.60	\$3,444.75	\$14,376.51	\$2,119.25	\$5,715.42	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	550	1,200	400	700	1,300	1,500	
Purchase Payments	\$865,781.25	\$8,509,923.00	\$1,377,900.00	\$10,063,555.25	\$2,755,028.25	\$8,573,126.25	\$32,145,314.00

## 4.2 January – March 2011

The third of the four tranches for this quarter have been completed for all unit categories with 75% of all units auctioned.

Table 4.2 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$35.51M.

*Table 4.2 – Auction Results – January to March 2011 (Q1)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$4,952.00	\$7,000.00	\$4,150.00	\$22,456.00	\$7,501.00	\$7,004.00	
T2 Clearing Price	\$3,782.06	\$7,700.00	\$4,200.00	\$14,956.00	\$7,707.32	\$7,101.75	
T3 Clearing Price	\$2,950.00	\$9,667.78	\$4,000.76	\$19,990.00	\$7,000.93	\$7,503.70	
T4 Clearing Price	To be auctioned						
Weighted Average Clearing Price of the units auctioned	\$3,894.69	\$8,122.59	\$4,116.92	\$19,134.00	\$7,403.08	\$7,203.15	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	411	900	300	525	975	1,125	
Purchase Payments	\$1,600,716.22	\$7,310,334.00	\$1,235,076.00	\$10,045,350.00	\$7,218,006.25	\$8,103,543.75	\$35,513,026.22

### 4.3 April – June 2011

The second of the four tranches for this quarter have been completed for all unit categories with 50% of all units auctioned.

Table 4.3 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$9.20M.

*Table 4.3 – Auction Results – April to June 2011 (Q2)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$600.00	\$6,600.00	\$3,001.00	\$875.00	\$1,200.00	\$3,750.00	
T2 Clearing Price	\$326.00	\$9,007.75	\$2,999.00	\$850.00	\$896.00	\$3,750.00	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
Weighted Average Clearing Price of the units auctioned	\$463.00	\$7,803.88	\$3,000.00	\$862.50	\$1,048.00	\$3,750.00	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	274	600	200	350	650	750	
Purchase Payments	\$126,862.00	\$4,682,325.00	\$600,000.00	\$301,875.00	\$681,200.00	\$2,812,500.00	\$9,204,762.00

#### 4.4 July – September 2011

The second of the five tranches for this quarter have been completed for all unit categories with 40% of all units auctioned.

Table 4.4 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$8.24M.

*Table 4.4 – Auction Results – July to September 2011 (Q3)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$700.00	\$7,521.00	\$2,772.00	\$755.00	\$875.00	\$4,000.00	
T2 Clearing Price	\$301.00	\$11,100.00	\$3,011.00	\$832.00	\$750.25	\$4,500.05	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$500.50	\$9,310.50	\$2,891.50	\$793.50	\$812.63	\$4,250.03	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	220	480	160	280	520	600	
Purchase Payments	\$110,110.00	\$4,469,040.00	\$462,640.00	\$222,180.00	\$422,565.00	\$2,550,015.00	\$8,236,550.00

## 4.5 October – December 2011

The second of the six tranches for this quarter have been completed for all unit categories with 33.33% of all units auctioned.

Table 4.5 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$10.04M.

*Table 4.5 – Auction Results – October to December 2011 (Q4)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$1,750.00	\$7,103.56	\$2,572.00	\$10,023.40	\$1,901.00	\$5,825.44	
T2 Clearing Price	\$1,257.00	\$8,760.00	\$2,950.00	\$10,299.00	\$1,660.00	\$6,603.70	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$1,503.50	\$7,931.78	\$2,761.00	\$10,161.20	\$1,780.50	\$6,214.57	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	182	400	132	232	432	500	
Purchase Payments	\$273,637.00	\$3,172,712.00	\$364,452.00	\$2,357,398.40	\$769,176.00	\$3,107,285.00	\$10,044,560.40

## 4.6 January – March 2012

The second of the seven tranches for this quarter have been completed for all unit categories with 28.58% of all units auctioned.

Table 4.6 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$12.32M.

*Table 4.6 – Auction Results – January to March 2012 (Q1)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$3,921.00	\$7,250.00	\$3,500.00	\$14,530.00	\$7,014.80	\$6,809.70	
T2 Clearing Price	\$3,330.00	\$8,023.00	\$2,873.00	\$16,200.00	\$6,702.00	\$8,000.04	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$3,625.50	\$7,636.50	\$3,186.50	\$15,365.00	\$6,858.40	\$7,404.87	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	156	342	114	200	370	428	
Purchase Payments	\$565,578.00	\$2,511,683.00	\$363,261.00	\$3,073,000.00	\$2,537,608.00	\$3,169,284.36	\$12,320,414.36

## 4.7 April – June 2012

The second of the eight tranches for this quarter have been completed for all unit categories with 25.00% of all units auctioned.

Table 4.7 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$4.88M.

*Table 4.7 – Auction Results – April to June 2012 (Q2)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$650.00	\$6,760.38	\$2,550.00	\$800.00	\$1,115.95	\$4,036.70	
T2 Clearing Price	\$401.00	\$10,100.00	\$3,000.00	\$987.00	\$984.00	\$4,000.00	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
T8 Clearing Price	To be auctioned						
Weighted Average Clearing Price of unites auctioned	\$525.50	\$8,430.19	\$2,775.00	\$893.50	\$1,049.98	\$4,018.35	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	136	300	100	174	324	374	
Purchase Payments	\$71,468.00	\$2,529,067.00	\$277,500.00	\$155,469.00	\$340,191.90	\$1,502,862.90	\$4,876,548.80

## 4.8 July – September 2012

The second of the nine tranches for this quarter have been completed for all unit categories with 22.22% of all units auctioned.

Table 4.8 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$4.34M.

*Table 4.8 – Auction Results – July to September 2012 (Q3)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$700.00	\$7,000.00	\$2,251.00	\$650.00	\$884.70	\$4,003.90	
T2 Clearing Price	\$400.04	\$10,100.00	\$3,000.00	\$954.00	\$751.25	\$4,500.07	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
T8 Clearing Price	To be auctioned						
T9 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$550.02	\$8,550.00	\$2,625.50	\$802.00	\$817.98	\$4,251.99	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	122	266	88	154	288	332	
Purchase Payments	\$67,102.44	\$2,274,300.00	\$231,044.00	\$123,508.00	\$235,576.80	\$1,411,659.02	\$4,343,190.26

## 4.9 October – December 2012

The second of the ten tranches for this quarter have been completed for all unit categories with 20.00% of all units auctioned

Table 4.9 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$6.02M.

*Table 4.9 – Auction Results – October to December 2012 (Q4)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$1,800.00	\$7,500.00	\$2,251.00	\$11,563.40	\$1,851.00	\$5,417.00	
T2 Clearing Price	\$1,521.00	\$8,323.00	\$3,000.00	\$10,456.00	\$1,601.90	\$6,201.50	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
T8 Clearing Price	To be auctioned						
T9 Clearing Price	To be auctioned						
T10 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$1,660.50	\$7,911.50	\$2,625.50	\$11,009.70	\$1,726.45	\$5,809.25	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	110	240	80	140	260	300	
Purchase Payments	\$182,655.00	\$1,898,760.00	\$210,040.00	\$1,541,358.00	\$448,877.00	\$1,742,775.00	\$6,024,465.00

#### 4.10 January – March 2013

The second of the eleven tranches for this quarter have been completed for all unit categories with 18.18% of all units auctioned.

Table 4.10 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$7.97M.

*Table 4.10 – Auction Results – January to March 2013 (Q1)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$3,525.97	\$8,500.00	\$2,999.00	\$13,077.00	\$7,506.80	\$6,010.00	
T2 Clearing Price	\$3,750.00	\$10,100.00	\$3,490.00	\$13,807.00	\$7,321.00	\$7,957.96	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
T8 Clearing Price	To be auctioned						
T9 Clearing Price	To be auctioned						
T10 Clearing Price	To be auctioned						
T11 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$3,637.99	\$9,300.00	\$3,244.50	\$13,442.00	\$7,413.90	\$6,983.98	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	100	218	72	126	236	272	
Purchase Payments	\$363,798.50	\$2,027,400.00	\$233,604.00	\$1,693,692.00	\$1,749,680.40	\$1,899,642.56	\$7,967,817.46

## 4.11 April – June 2013

The second of the twelve tranches for this quarter have been completed for all unit categories with 16.67% of all units auctioned

Table 4.11 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$3.12M.

*Table 4.11 – Auction Results – April to June 2013 (Q2)*

CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$750.00	\$7,000.90	\$2,750.00	\$800.00	\$1,125.00	\$4,014.41	
T2 Clearing Price	\$426.00	\$8,121.00	\$3,000.00	\$1,200.00	\$1,026.00	\$4,117.43	
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
T8 Clearing Price	To be auctioned						
T9 Clearing Price	To be auctioned						
T10 Clearing Price	To be auctioned						
T11 Clearing Price	To be auctioned						
T12 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$588.00	\$7,560.95	\$2,575.00	\$1,000.00	\$1,075.50	\$4,065.92	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	90	200	66	116	216	250	
Purchase Payments	\$52,920.00	\$1,512,190.00	\$189,750.00	\$116,000.00	\$232,308.00	\$1,016,480.00	\$3,119,648.00

## 4.12 July – September 2013

The first of the twelve tranches for this quarter have been completed for all unit categories with 8.33% of all units auctioned.

Table 4.12 indicates the clearing prices for each tranche for each directional interconnector.

The purchase payments for this quarter are \$1.79M.

*Table 4.12 – Auction Results – July to September 2013 (Q3)*

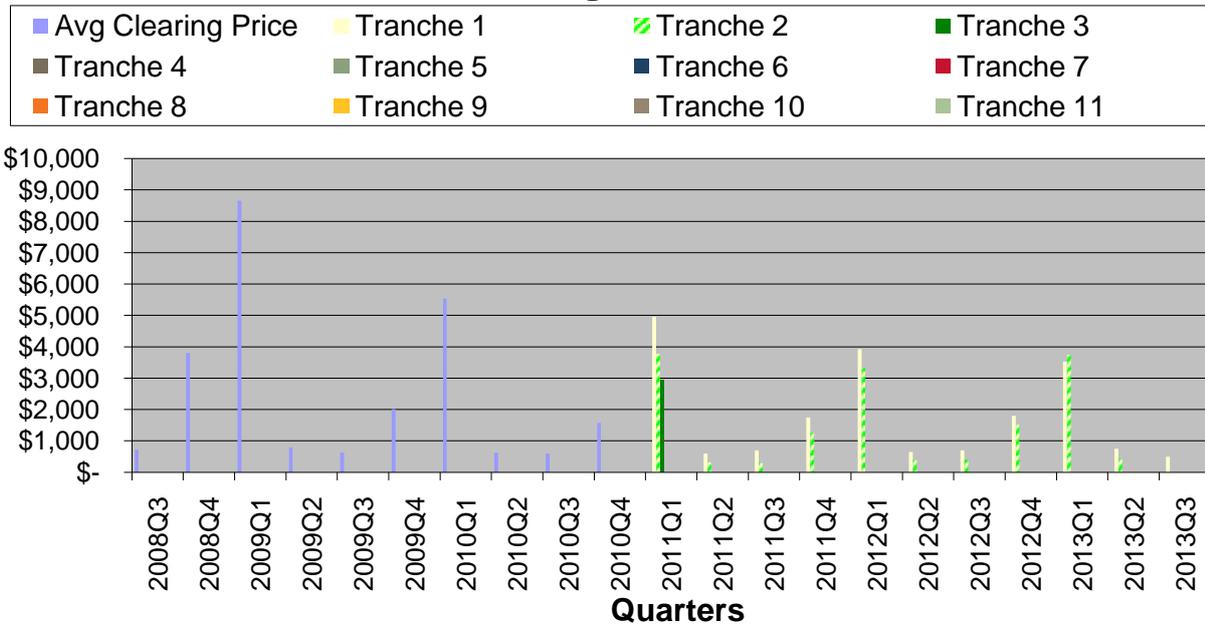
CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$500.00	\$9,504.12	\$3,000.00	\$908.60	\$926.00	\$4,500.07	
T2 Clearing Price	To be auctioned						
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
T6 Clearing Price	To be auctioned						
T7 Clearing Price	To be auctioned						
T8 Clearing Price	To be auctioned						
T9 Clearing Price	To be auctioned						
T10 Clearing Price	To be auctioned						
T11 Clearing Price	To be auctioned						
T12 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$500.00	\$9,504.12	\$3,000.00	\$908.60	\$926.00	\$4,500.07	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	45	100	33	58	108	125	
Purchase Payments	\$22,500.00	\$950,412.00	\$99,000.00	\$52,698.80	\$100,008.00	\$562,508.75	\$1,787,127.55

### 4.13 Clearing Prices

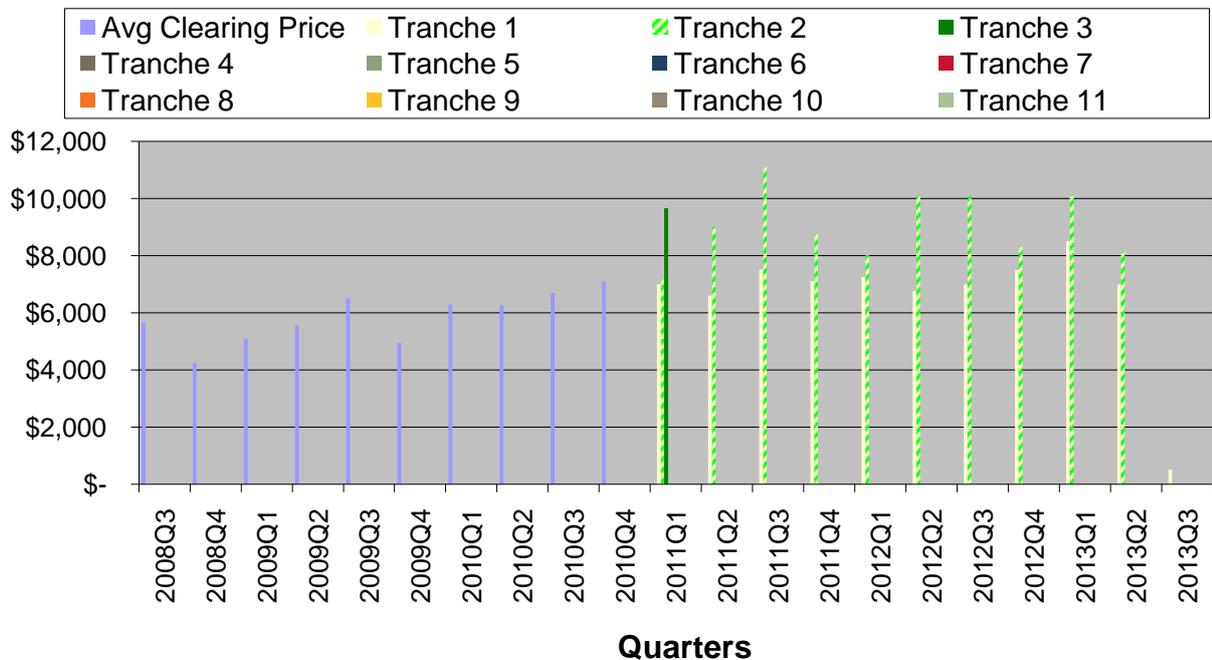
This section indicates the average clearing prices for tranches 2008Q3 to 2010Q4 and the clearing prices for the individual tranches for those quarters that have tranches still subject to auction.

Please note the different price (vertical) scale of each graph.

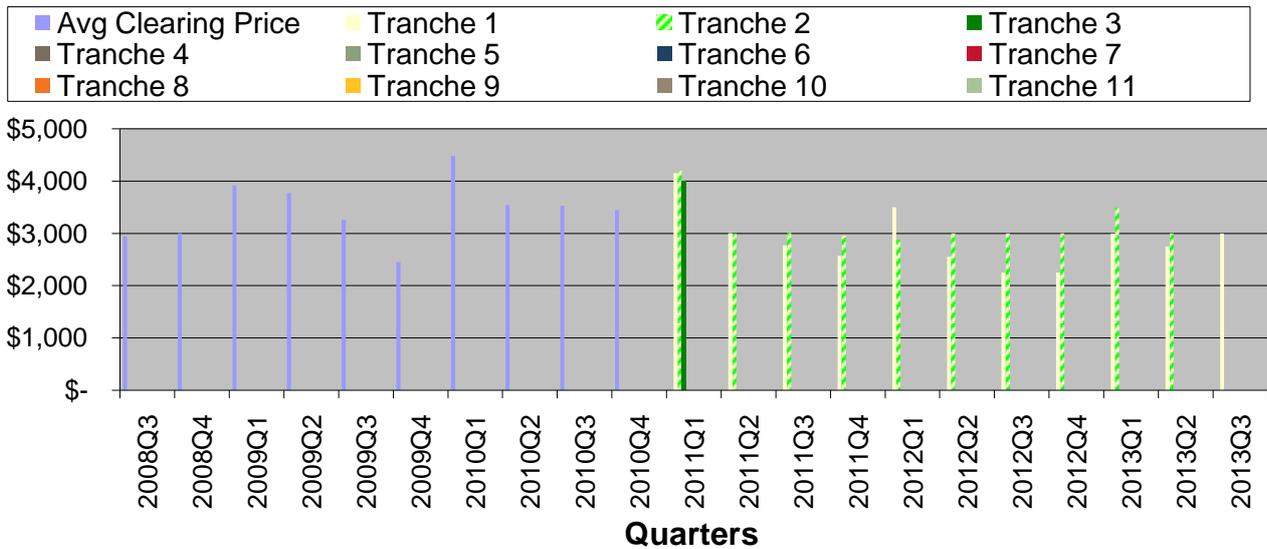
#### Clearing Prices - NSWQLD



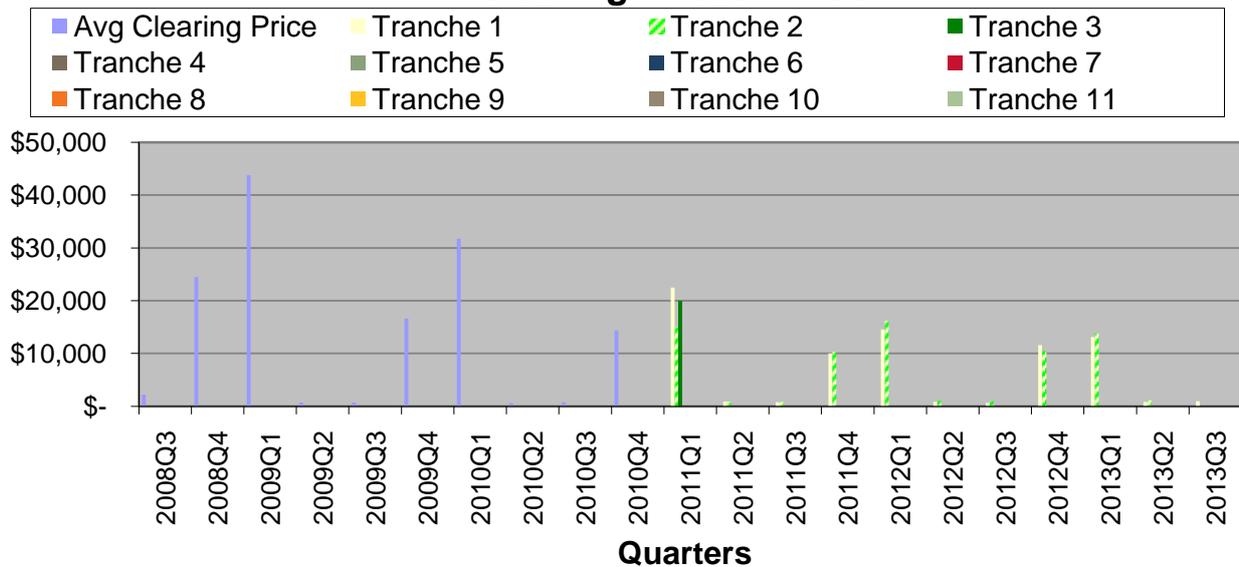
#### Clearing Prices - QLDNSW



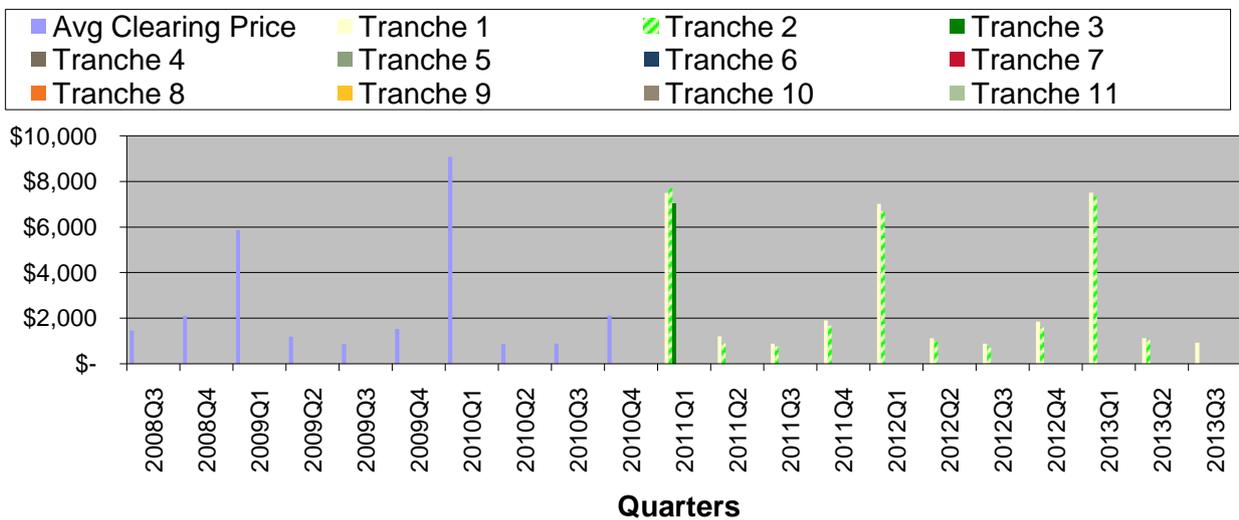
### Clearing Price - SAVIC



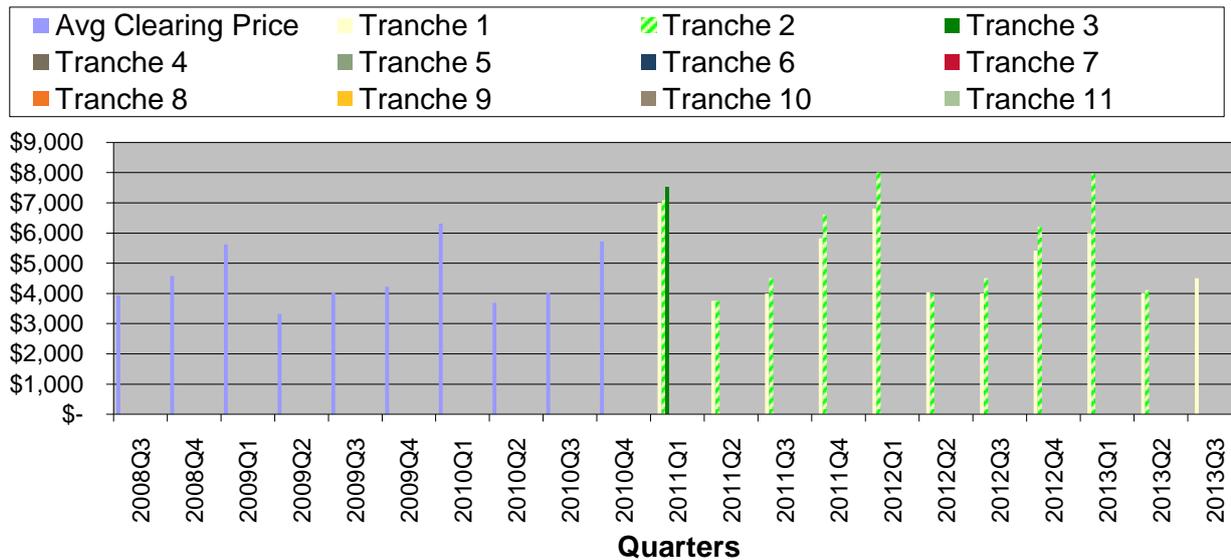
### Clearing Prices - VICSA



### Clearing Prices - NSWVIC



### Clearing Prices - VICNSW



## 5 Inter-regional Settlement Residue

The distribution of all residues for quarter 3 (weeks 27 to 39) which was 27 June 2010 to 25 September 2010 has been made and are summarised in the table below. Graphs indicating the variation of accumulated residue with time are also included.

In summary for the quarter:

- approximately \$20.46M of residues was distributed to unit holders.
- auction proceeds were approximately \$17.5M
- total negative residues were approximately \$1.8M

The major occurrences of negative residues were:

- week 33
  - NSW to QLD interconnector accrued approximately \$1.19M of negative residues
  - NSW to VIC interconnector accrued approximately \$90.2k of negative residues
  - VIC to NSW interconnector accrued approximately \$16.34k of negative residues
- week 27 - NSW to VIC interconnector accrued approximately \$449.57k of negative residues

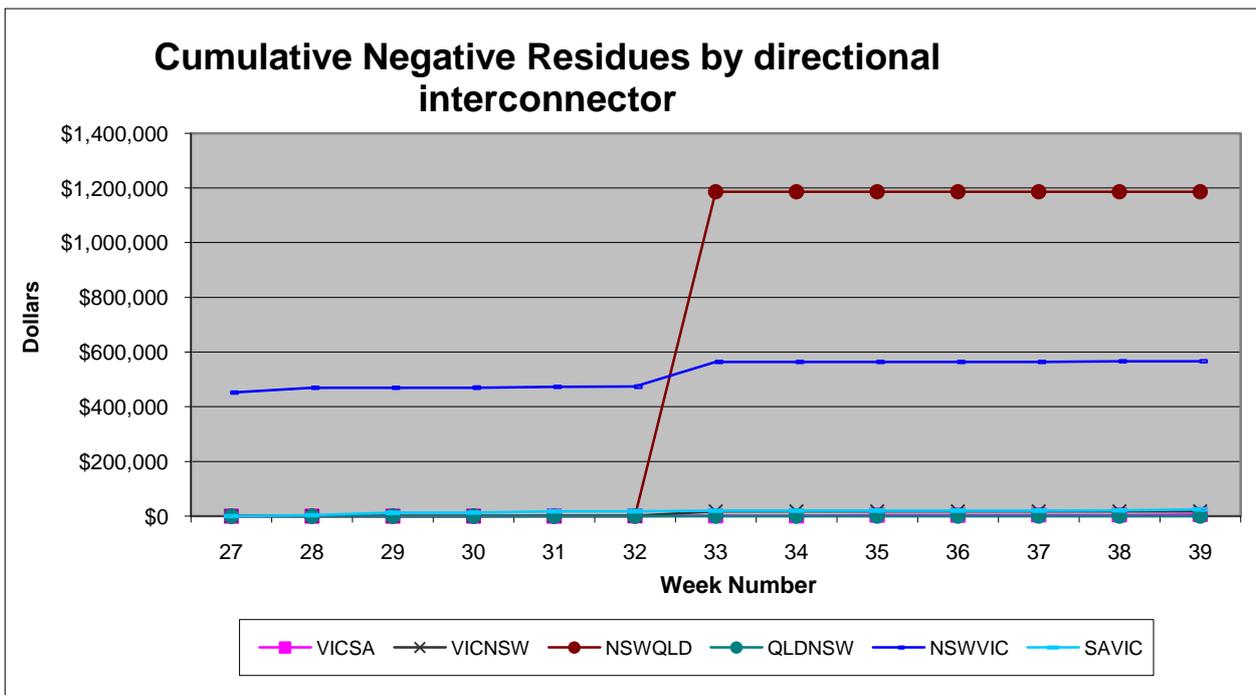
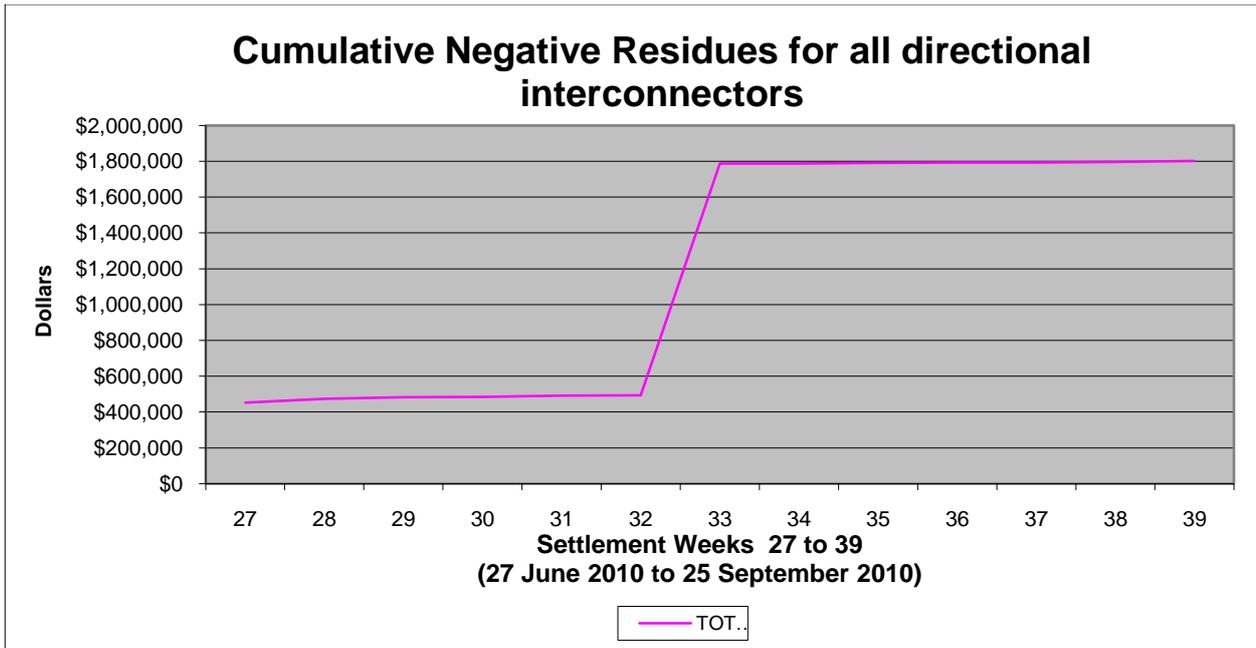


Table 5 - Residue Payment Quarter 3, 2010 (weeks 27 to 39)

	NSWQLD	NSWVIC	QLDNSW	SAVIC	VICNSW	VICSA	TOTAL
Total +ve Residue	\$0.00	\$183,168.52	\$15,887,961.98	\$904,202.50	\$1,816,796.49	\$1,778,056.75	
Total -ve Residue	\$1,186,283.58	\$594,058.99	\$56.30	\$24,658.28	\$18,730.00	\$5,650.19	
Total Residue for Distribution	\$0.00	\$155,673.83	\$15,887,962.00	\$904,147.32	\$1,816,081.38	\$1,777,957.80	\$20,541,822.33
Auction Fees <sup>1</sup>	\$1,650.00	\$5,200.00	\$39,600.00	\$6,400.00	\$30,000.00	\$2,100.00	\$84,950.00
Guaranteed Minimum <sup>2</sup>	\$5,500.00	\$13,000.00	\$12,000.00	\$4,000.00	\$15,000.00	\$7,000.00	\$56,500.00
Residue Distributed	\$0.00	\$150,473.83	\$15,848,362.00	\$897,747.32	\$1,786,081.38	\$1,775,857.80	\$20,458,522.33
Adjustment Amount <sup>3</sup>	\$5,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Auction Proceeds	\$330,137.00	\$1,143,870.00	\$8,027,325.00	\$1,411,500.00	\$6,055,500.00	\$529,200.00	\$17,497,532.00

- 1 Auction Fees are paid out of the residue prior to the balance being paid to the successful auction participant
- 2 All successful auction participants are guaranteed a minimum payment of \$10/unit
- 3 This is an additional payment to ensure that the participant receives the minimum payment

