

AUCTION REPORT 2010-14

PREPARED BY: SETTLEMENT RESIDUE COMMITTEE

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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 December 2010 and the distribution of residues for Quarter 4, 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, 35 APA holders were able to bid at the Auctions and 16 participants lodged bids.

3 Auction Conducted

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

TRANCHE (YEAR/QUARTER)	PORTION OFFERED THIS AUCTION	PORTION AUCTIONED TO DATE
2011/1	25.00%	100.00%
2011/2	25.00%	75.00%
2011/3	20.00%	60.00%
2011/4	16.67%	50.00%
2012/1	14.29%	42.86%
2012/2	12.50%	37.50%
2012/3	11.11%	33.33%
2012/4	10.00%	30.00%
2013/1	9.09%	27.27%
2013/2	8.33%	25.00%
2013/3	8.33%	16.67%
2013/4	8.33%	8.33%

4 Auction Results

This section of the report details the public results for the auction conducted on 15 December 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 January – March 2011

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 \$46.63M.

Table 4.1 – 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	\$2,154.00	\$8,508.88	\$3,826.00	\$20,058.00	\$6,500.00	\$6,012.47	
Weighted Average Clearing Price of units auctioned	\$3,454.77	\$8,219.17	\$4,044.19	\$19,365.00	\$7,177.31	\$6,905.48	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	550	1,200	400	700	1,300	1,500	
Purchase Payments	\$1,900,122.22	\$9,862,998.00	\$1,617,676.00	\$13,555,500.00	\$9,330,506.25	\$10,358,220.00	\$46,625,022.47

4.2 April – June 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 \$13.90M.

Table 4.2 – 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	\$293.00	\$9,004.48	\$3,251.46	\$850.00	\$680.00	\$3,358.96	
T4 Clearing Price	To be auctioned						
Weighted Average Clearing Price of the units auctioned	\$406.33	\$8,204.08	\$3,083.82	\$858.33	\$925.33	\$3,619.65	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	411	900	300	525	975	1,125	
Purchase Payments	\$167,003.00	\$7,383,669.00	\$925,146.00	\$450,625.00	\$902,200.00	\$4,072,110.00	\$13,900,753.00

4.3 July – September 2011

The third of the five tranches for this quarter have been completed for all unit categories with 60% 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 \$12.33M.

Table 4.3 – 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	\$256.00	\$9,500.72	\$3,300.00	\$832.00	\$601.42	\$4,163.00	
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be auctioned						
Weighted Average Clearing Price of units auctioned	\$419.00	\$9,373.91	\$3,027.67	\$806.33	\$742.22	\$4,221.02	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	330	720	240	420	780	900	
Purchase Payments	\$138,270.00	\$6,749,212.80	\$726,640.00	\$338,660.00	\$578,934.20	\$3,798,915.00	\$12,330,632.00

4.4 October – December 2011

The third of the six tranches for this quarter have been completed for all unit categories with 50% 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 \$15.09M.

Table 4.4 – 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	\$1,203.00	\$8,800.00	\$3,300.00	\$10,501.74	\$1,101.00	\$6,000.00	
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	\$1,403.33	\$8,221.19	\$2,940.67	\$10,274.71	\$1,554.00	\$6,143.05	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	273	600	198	348	648	750	
Purchase Payments	\$383,110.00	\$4,932,712.00	\$582,252.00	\$3,575,600.24	\$1,006,992.00	\$4,607,285.00	\$15,087,951.24

4.5 January – March 2012

The third of the seven tranches for this quarter have been completed for all unit categories with 42.86% 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 \$18.60M.

Table 4.5 – 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	\$2,780.00	\$8,502.45	\$3,015.00	\$17,505.00	\$6,500.45	\$6,923.00	
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	\$3,343.67	\$7,925.15	\$3,129.33	\$16,078.33	\$6,739.08	\$7,244.25	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	234	513	171	300	555	642	
Purchase Payments	\$782,418.00	\$4,065,601.95	\$535,116.00	\$4,823,500.00	\$3,740,191.25	\$4,650,806.36	\$18,597,633.56

4.6 April – June 2012

The third of the eight tranches for this quarter have been completed for all unit categories with 37.50% 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 \$7.30M.

Table 4.6 – 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	\$350.46	\$8,500.00	\$3,315.00	\$924.00	\$800.34	\$4,000.00	
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	\$467.15	\$8,453.46	\$2,955.00	\$903.67	\$966.76	\$4,012.23	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	204	450	150	261	486	561	
Purchase Payments	\$95,299.28	\$3,804,057.00	\$443,250.00	\$235,857.00	\$469,846.98	\$2,250,862.90	\$7,299,173.16

4.7 July – September 2012

The third of the nine tranches for this quarter have been completed for all unit categories with 33.33% 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 \$6.68M.

Table 4.7 – 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	\$300.00	\$9,250.00	\$3,451.00	\$876.00	\$601.42	\$4,726.00	
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	\$466.68	\$8,783.33	\$2,900.67	\$826.67	\$746.79	\$4,409.99	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	183	399	132	231	432	498	
Purchase Payments	\$85,402.44	\$3,504,550.00	\$382,888.00	\$190,960.00	\$322,181.28	\$2,196,175.02	\$6,682,156.74

4.8 October – December 2012

The third of the ten tranches for this quarter have been completed for all unit categories with 30.00% 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 \$9.07M.

Table 4.8 – 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	\$1,426.00	\$8,401.50	\$3,300.00	\$9,876.00	\$1,250.00	\$6,501.47	
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	\$1,582.33	\$8,074.83	\$2,850.33	\$10,631.80	\$1,567.63	\$6,039.99	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	165	360	120	210	390	450	
Purchase Payments	\$261,085.00	\$2,906,940.00	\$342,040.00	\$2,232,678.00	\$611,377.00	\$2,717,995.50	\$9,072,115.50

4.9 January – March 2013

The third of the eleven tranches for this quarter have been completed for all unit categories with 27.27% 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 \$11.96M.

Table 4.9 – 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	\$2,976.00	\$8,742.00	\$3,526.00	\$15,505.00	\$6,720.00	\$7,300.00	
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	\$3,417.32	\$9,114.00	\$3,338.33	\$14,129.67	\$7,182.60	\$7,089.32	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	150	327	108	189	354	408	
Purchase Payments	\$512,598.50	\$2,980,278.00	\$360,540.00	\$2,670,507.00	\$2,542,640.00	\$2,892,442.56	\$11,959,006.46

4.10 April – June 2013

The third of the twelve tranches for this quarter have been completed for all unit categories with 25.00% 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 \$4.74M.

Table 4.10 – 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	\$301.00	\$8,341.00	\$3,300.00	\$1,010.51	\$807.00	\$4,158.85	
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	\$492.33	\$7,820.97	\$3,016.67	\$1,003.50	\$986.00	\$4,096.90	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	135	300	99	174	324	375	
Purchase Payments	\$66,465.00	\$2,346,290.00	\$298,650.00	\$174,609.58	\$319,464.00	\$1,536,336.25	\$4,741,814.83

4.11 July – September 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 \$3.57M.

Table 4.11 – 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	\$401.45	\$9,500.00	\$3,300.00	\$912.12	\$625.00	\$4,660.29	
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	\$450.73	\$9,502.06	\$3,150.00	\$910.36	\$775.50	\$4,580.18	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	90	200	66	116	216	250	
Purchase Payments	\$40,565.25	\$1,900,412.00	\$207,900.00	\$105,601.76	\$167,508.00	\$1,145,045.00	\$3,567,032.01

4.12 October – December 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 \$2.33M.

Table 4.12 – Auction Results – October to December 2013 (Q4)

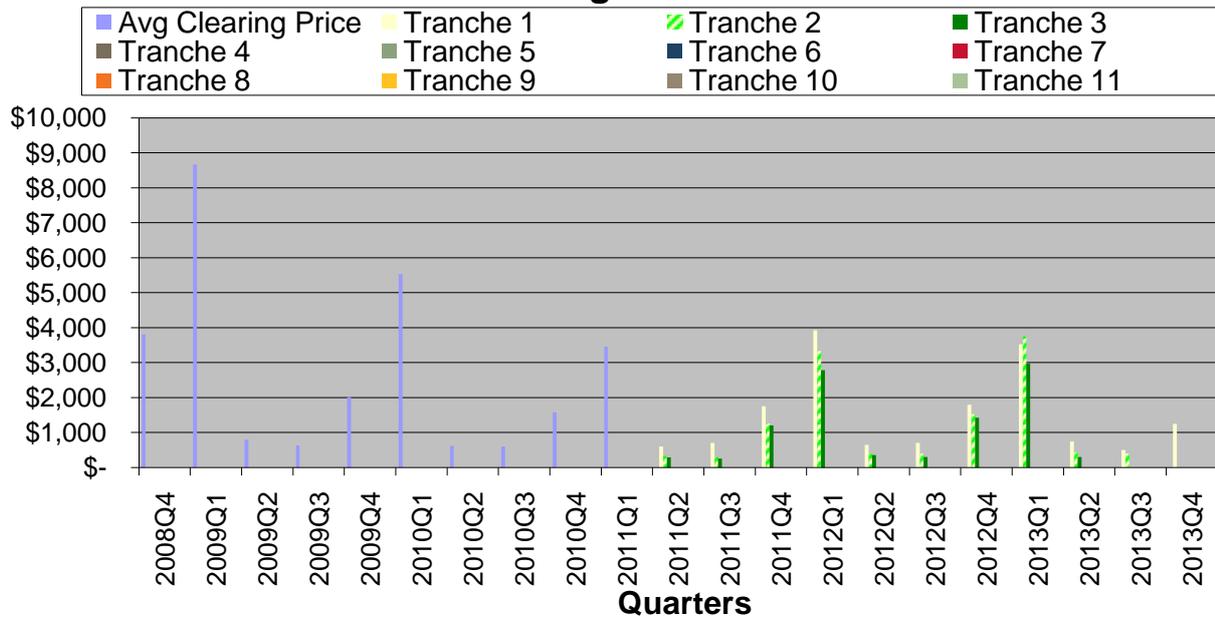
CLEARING PRICE (PER UNIT)	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL
T1 Clearing Price	\$1,250.00	\$8,377.00	\$3,300.00	\$7,345.00	\$1,001.45	\$6,326.00	
T2 Clearing Price	To be auctioned						
T3 Clearing Price	To be auctioned						
T4 Clearing Price	To be auctioned						
T5 Clearing Price	To be 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	\$1,250.00	\$8,377.00	\$3,300.00	\$7,345.00	\$1,001.45	\$6,326.00	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	45	100	33	58	108	125	
Purchase Payments	56,250.00	\$837,700.00	\$108,900.00	\$426,010.00	\$108,156.60	\$790,750.00	\$2,327,766.60

4.13 Clearing Prices

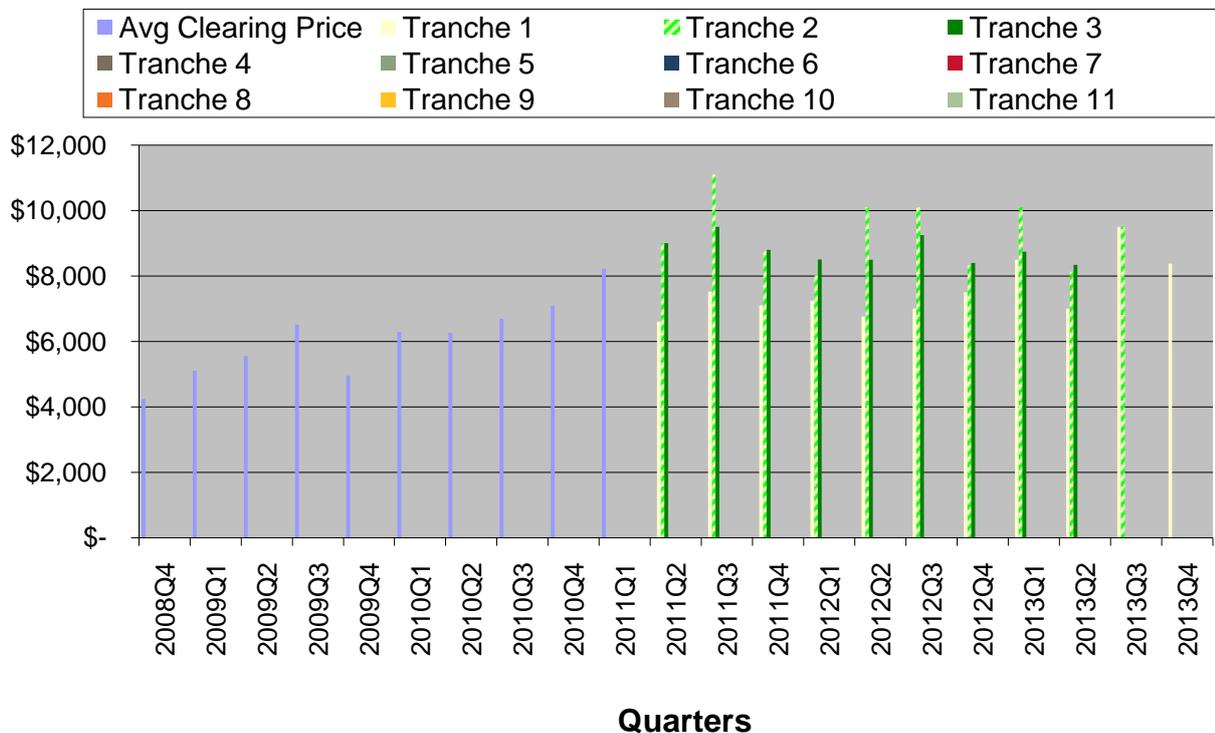
This section indicates the average clearing prices for tranches 2008Q4 to 2011Q14 and the clearing prices for the individual tranches for those quarters that have tranches still subject to auction.

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

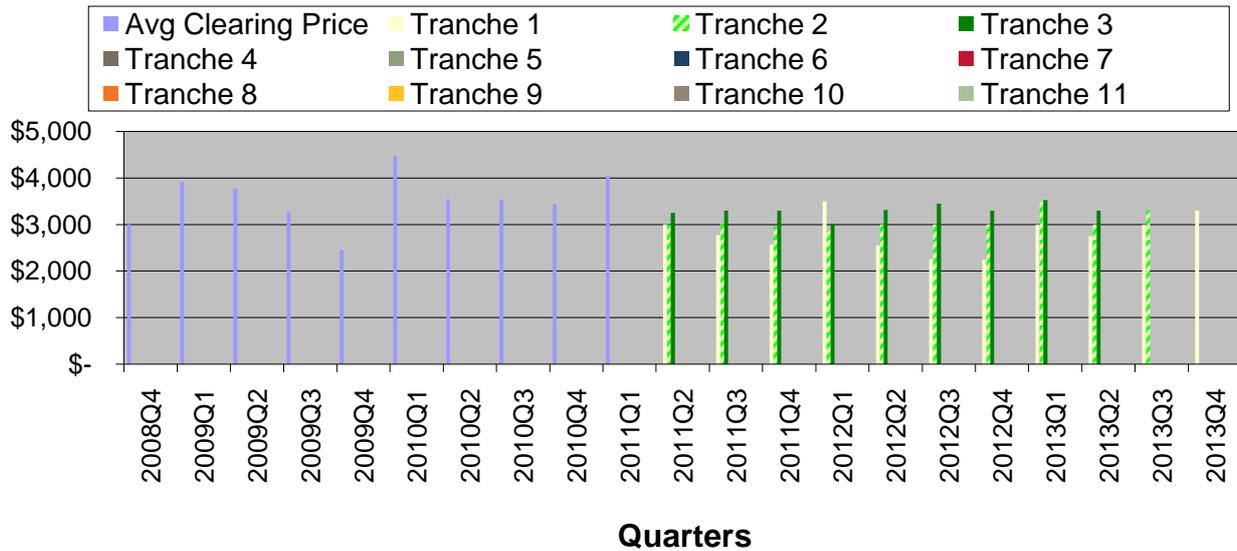
Clearing Prices - NSWQLD



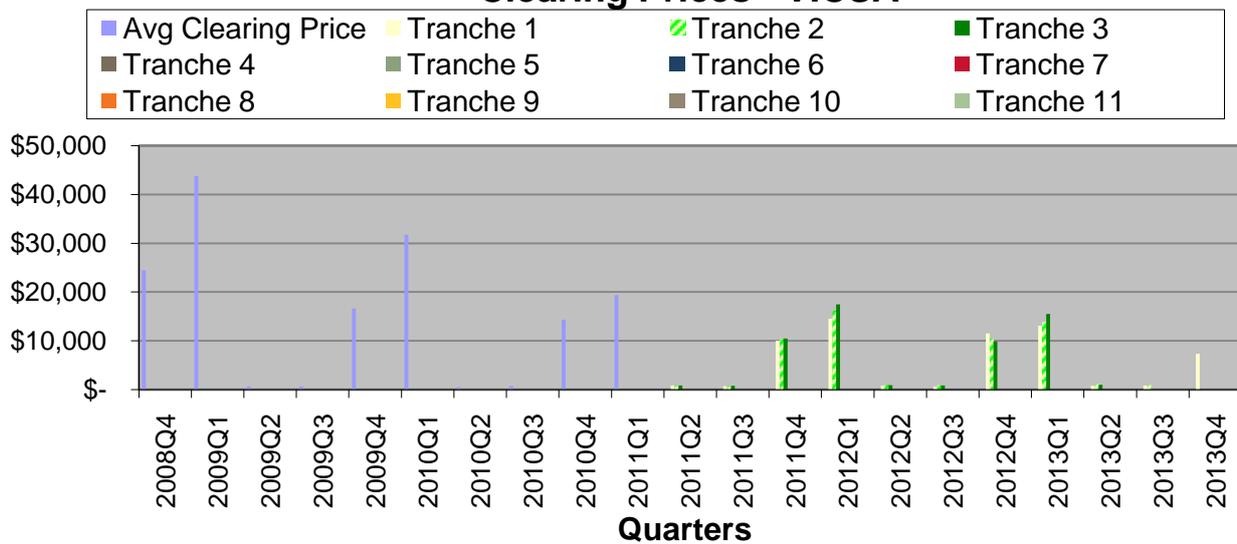
Clearing Prices - QLDNSW



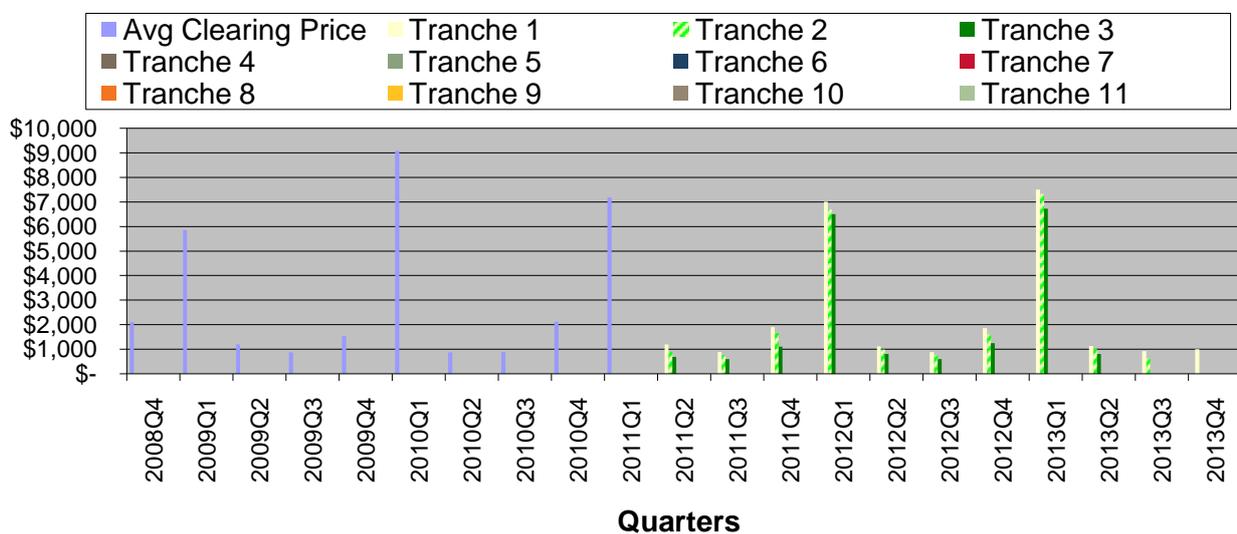
Clearing Price - SAVIC



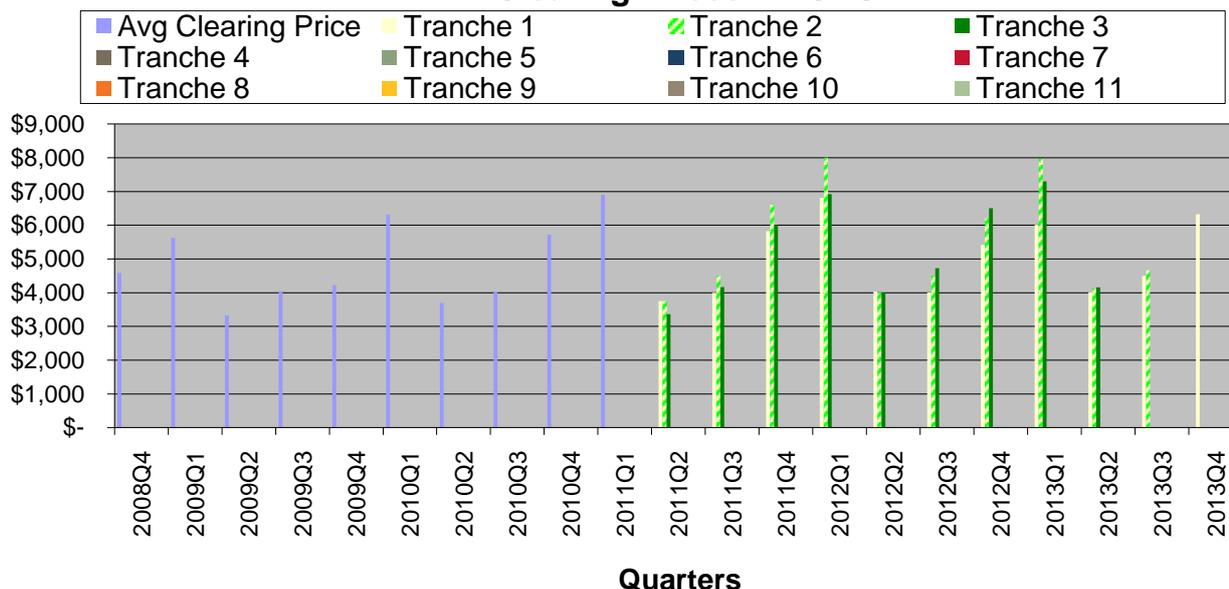
Clearing Prices - VICSA



Clearing Prices - NSWVIC



Clearing Prices - VICNSW



5 Inter-regional Settlement Residue

The distribution of all residues for quarter 4 (weeks 40 to 52) from 26 September 2010 to 25 December 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 \$18.34M of residues was distributed to unit holders
- auction proceeds were approximately \$32.15M
- total negative residues were approximately \$2.25M

The major occurrences of negative residues were:

- week 43¹
 - VIC to NSW interconnector accrued approximately \$983k of negative residues
 - QLD to NSW interconnector accrued approximately \$532.9k of negative residues
 - VIC to SA interconnector accrued approximately \$192.4k of negative residues
- week 49²
 - VIC to NSW interconnector accrued approximately \$156.8k of negative residues
- week 51³
 - QLD to NSW interconnector accrued approximately \$249.9k of negative residues.

¹ Refer AEMO Pricing Event Reports for 17 October 2010 and 22 October 2010 available at <http://www.aemo.com.au/reports/nemreports.html#pricing>.

² Refer AEMO Pricing Event Report for 28 November 2010.

³ Refer AEMO Pricing Event Report for 13 December 2010.

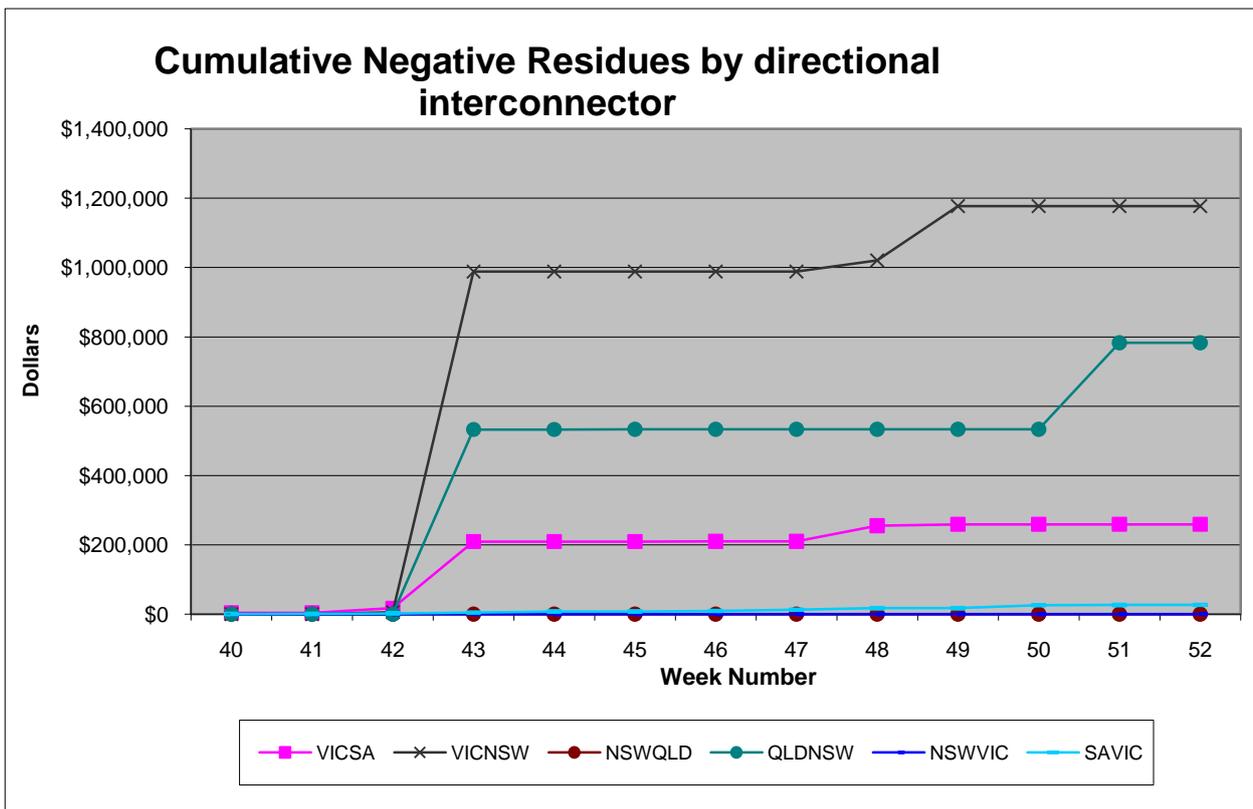
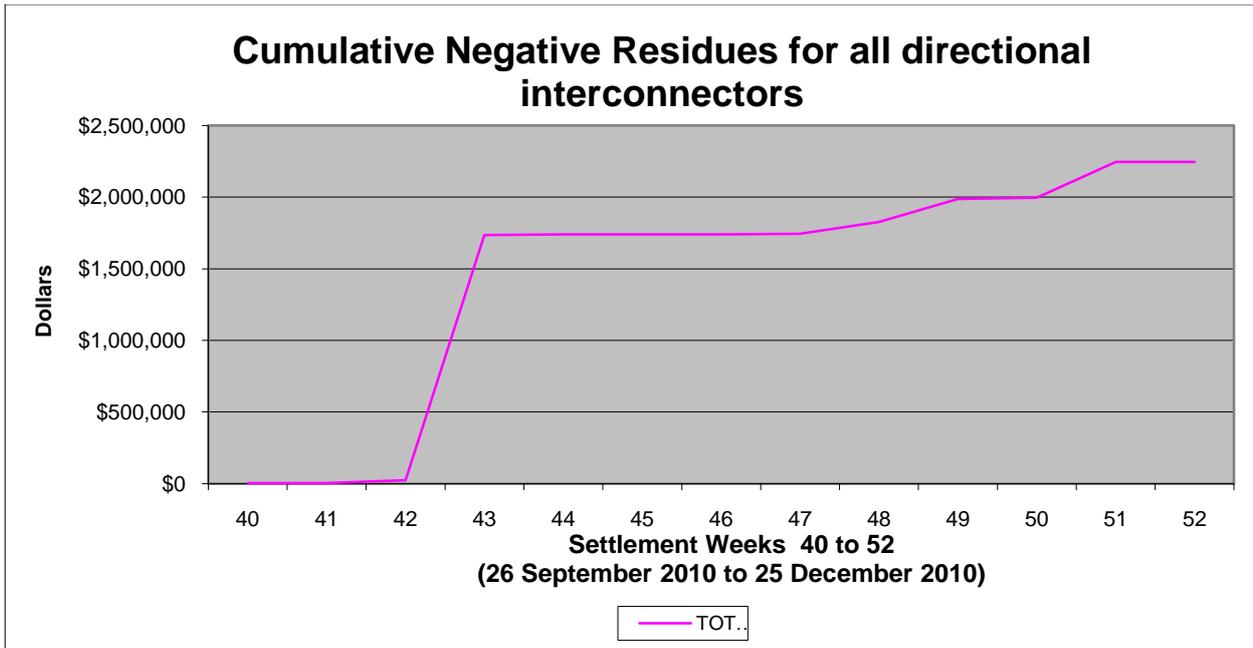


Table 5 - Residue Payment Quarter 4, 2010 (weeks 40 to 52)

	NSWQLD	NSWVIC	QLDNSW	SAVIC	VICNSW	VICSA	TOTAL
Total +ve Residue	\$11,424.92	\$159.05	\$6,508,995.47	\$1,718,021,.78	\$7,094,626.27	\$3,089,411.37	
Total -ve Residue	\$159.10	\$46.41	\$782,950.07	\$26,631.26	\$1,177,618.94	\$259,310.90	
Total Residue for Distribution	\$11,424.92	\$159.05	\$6,508,995.48	\$1,718,021.77	\$7,094,626.29	\$3,089,411.36	\$18,422,638.87
Auction Fees ¹	\$3,300.00	\$159.05	\$18,000.00	\$2,800.00	\$19,500.00	\$35,700.00	\$79,459.05
Guaranteed Minimum ²	\$5,500.00	\$13,000.00	\$12,000.00	\$4,000.00	\$15,000.00	\$7,000.00	\$56,500.00
Residue Distributed	\$8,124.92	\$0.00	\$6,490,995.48	\$1,715,221.77	\$7,075,126.29	\$3,053,711.36	\$18,343,179.82
Adjustment Amount ³	\$0.00	\$13,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$13,000.00
Auction Proceeds	\$865,781.25	\$2,755,028.25	\$8,509,923.00	\$1,377,900.00	\$8,573,126.25	\$10,063,555.25	\$32,145,314.00

- 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

