

22 January 2019

AEMO Five-Minute Settlement

5MS@aemo.com.au

cc: StakeholderRelations@aemo.com.au

Re: Five Minute Settlement – Reallocation Procedures (For Consultation)

Stanwell Corporation Limited (Stanwell) welcomes the opportunity to provide comments to the Australian Energy Market Operator (AEMO) on the following reallocation procedures to support the implementation of the Five-Minute Settlement (5MS) Rule that will come into effect on 1 July 2021:

- Reallocation procedure: Energy and Dollar Offset Reallocations (EDOR); and
- Reallocation procedure: Swap and Option Reallocations (SOOR).

The procedures set out how reallocation requests are to be created and recorded for reallocation transactions that are either EDOR or SOOR. Stanwell supports procedures that are clear, practical and fit-for-purpose.

As an electricity generator, Stanwell participates in the National Electricity Market (NEM) through the physical electricity spot market and the electricity contract market. Like other generators, Stanwell uses the settlement process to manage its settlement obligations stemming from energy trading activities.

While we recognise the proposed changes are of an administrative nature, there are two elements that warrant further consideration to ensure effective industry implementation. These concern the proposed transitional arrangement under the 5MS related changes and the proposed calendar definition with regards to the non-5MS related changes.

Transitional arrangements of 5MS related changes

Overall Stanwell supports both the proposed:

- transitional arrangements for five-minute reallocations post the 5MS commencement date; and
- approach to update the reallocations interface prior to the 5MS transition date to provide the functionality to participants to accept five-minute reallocations for those periods.

However, it was generally agreed by participants of the Settlements focus group, a subset of the Procedures Working Group, that the production interface be made available at least 6 months prior to the 5MS start date (i.e. no later than 1 January 2021). Stanwell strongly supports this as it would allow participants sufficient time to register their reallocations with AEMO prior to the 5MS commencement date. It would also ensure the reallocations are registered with sufficient time to be considered for prudential purposes, this being the main reason participants enter into reallocation contracts

Non-5MS related changes – Calendar definition

Stanwell supports the option for participants to register and settle reallocations based on NEM regional business calendars. The current approach of registration and settlement of reallocations against the NEM (national) settlement calendar creates inconsistency with the contract market, and results in additional administrative workloads and potential settlement variances. Stanwell proposes that greater consistency would be achieved if the regional calendar definitions aligned with the Electricity Market Conventions as published by Australian Financial Markets Association.

Where possible, the regional calendars should be made publicly available for participants to ensure consistent applications of business and non-business days across participants.

Furthermore, Stanwell requests clarification on where participants would choose the regional calendar as an option when submitting a reallocation request. The current drafting of the 'Day Type' data item in *Table 1: Data Required for submission of a reallocation request* of both procedures includes a reference to the "applicable calendar", however it is not clear where participants could select the calendar type and how this would operate in practice.

Thank you for your consideration of Stanwell's response to the draft reallocation procedures. If you would like to discuss any aspect of this submission, please contact Alicia Toohey on 07 3333 57209.

Yours sincerely



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