#### Five Minute Settlements Project: High-Level Impact Assessment

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| Document Title | TNSP Negative Settlement Residue Procedure |
| Rule Consultation Req. | No | Priority | Low |
| Prepared by | Dimi Botha | Business Owner | Settlements |
| Consultation Group | * PWG
* TNSPs
 | Consultation Package | Settlements - TNSP |
| Link | https://www.aemo.com.au/media/Files/Other/settlements/NEM\_TNSP\_Negative\_Settlements\_Residue\_Procedure.pdf |

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| Description of Document | The procedure outlines the process to enable AEMO to recover amounts arising from negative inter-regional and intra-regional settlements residues in a timeframe that minimises the impact on the settlement of Market Participants. |
| Precedent Procedures / External Document | N/A | Dependent Procedures / External Document | * Dispatch SO\_OP3705,
* Allocation and Distribution of Settlements Residue Guide
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| Summary of Changes – Five Minute Settlements  | * Update of worked example in section 6.1 to align quantities with 5-minute trading interval times. Changes are underlined below:

*‘An interconnector between 2 regions with a flow of 1000MW (i.e. 83MWh per trading interval)* *Prices in the regions are $10,000 and $100 (flow from higher to lower priced region)**Negative Residue = 83MWh x ($10,000 - $100) = $0.825 Million per trading interval* *The residue would be limited by the cumulative price threshold being exceeded, however could reach $0.825 Million x 90 = $74 Million’* |
| Five Minute settlements additional comments  | * AEMO has considered the impact of 5-minute intervals on the $100,000 prepayment threshold in regard to shortfall risk. Upon further investigation it was found that the current risk matrix is sufficient and no update is required for threshold value.
	+ As a result no amendment to related procedure Dispatch SO\_OP3705 in regard to the $100,000 threshold.
* Methodology for the Allocation and Distribution of Settlements Residue Guide is also referenced in this procedure. It is noted that the worked example in this process will need to be updated to align with 5-minute intervals.
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| Summary of Potential Changes – Global Settlements  | N/A |
| External Stakeholder Impacted | * TNSP
 | AEMO Business Units Impacted | Settlements |
| Issues for Stakeholder Consultation | N/A |
| System Impact | N/A |