

Auction Report 2009-1

For auctions held on the 16th March 2009 and the distribution of Residues for Quarter 1, 2009.

Prepared by: Settlement Residue Committee

Version No: - V1.0

1 Introduction

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

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

The purpose of this document is to report on the auctions conducted by NEMMCO on the 16th March 2009 and also to report on the distribution of residues for Quarter 1, 2009.

It should be noted that all prices quoted in this report are exclusive of GST.

2 Participation

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

Prior to these auctions, thirty one (31) Auction Participation Agreement holders were able to bid at the Auctions. Seventeen (17) Participants lodged bids and all were successful in winning at least one unit.

3 Auctions Conducted

NEMMCO conducted a single auction covering the next four quarters on 16th March 2009. The table below indicates the respective tranche portions with the following exception:

Date	Portion of Available Residue	Period (Year/Quarter)
16 March 2009	25%	2009/2
	25%	2009/3
	25%	2009/4
	25%	2010/1

- April – June 2009 (2009/2) 100% of the available residue on all directional interconnectors has been auctioned.
- July – September 2009 (2009/3) 75% of the available residue on all directional interconnectors has been auctioned.
- October – December 2009 (2009/4) 50% of the available residue on all directional interconnectors has been auctioned.
- January – March 2010 (2010/1) 25% of the available residue on all directional interconnectors has been auctioned.

4 Auction Results

This section of the report details the public results for the auction conducted on 16th March 2009 for the relevant quarters.

The first four 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.

4.1 April – June 2009

All of the tranches for this quarter have been completed for all unit categories.

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

Bold typeface indicates the results for the 16th March 2009 Auction.

The purchase payments for this quarter are \$15.626M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL (\$)
Clearing Price T1 (\$/Unit)	812.00	5,856.00	4,000.00	1,004.00	1,500.00	3,800.00	
Clearing Price T2 (\$/Unit)	800.00	5,500.00	3,285.00	304.00	1,002.00	2,800.00	
Clearing Price T3 (\$/Unit)	750.00	5,488.00	4,000.00	604.00	1,003.00	3,200.00	
Clearing Price T4 (\$/Unit)	800.00	5,400.00	3,806.00	800.00	1,254.00	3,500.00	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	550	1,200	400	700	1,300	1,500	
Purchase Payments (\$)	434,794.00	6,673,200.00	1,509,100.00	474,800.00	1,546,675.00	4,987,500.00	15,625,869.00

Table 4.1 – Auction Results – April to June 2009 (Q2)

4.2 July – September 2009

The third of four tranches for this quarter have been completed for all unit categories.

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

Bold typeface indicates the results for the 16th March 2009 Auction.

The purchase payments so far for this quarter are \$13.011M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL (\$)
Clearing Price T1 (\$/Unit)	804.00	6,500.00	2,755.00	804.00	1,000.00	3,500.00	
Clearing Price T2 (\$/Unit)	700.00	6,700.00	3,985.00	804.00	800.00	4,200.00	
Clearing Price T3 (\$/Unit)	675.00	6,400.00	3,806.00	755.00	910.00	4,256.00	
Clearing Price T4 (\$/Unit)	Still to be auctioned						
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	411	900	300	525	975	1,125	
Purchase Payments (\$)	298,523.00	5,880,000.00	1,054,600.00	413,525.00	880,750.00	4,483,500.00	13,010,898.00

Table 4.2 – Auction Results – July to September 2009 (Q3)

4.3 October – December 2009

The second of four tranches for this quarter have been completed for all unit categories.

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

Bold typeface indicates the results for the 16th March 2009 Auction.

The purchase payments so far for this quarter are \$12.396M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL (\$)
Clearing Price T1 (\$/Unit)	2,952.00	5,000.00	2,645.00	12,000.00	1,302.00	3,741.00	
Clearing Price T2 (\$/Unit)	2,006.00	5,500.00	2,760.13	12,000.00	2,000.00	3,600.00	
Clearing Price T3 (\$/Unit)	Still to be auctioned						
Clearing Price T4 (\$/Unit)	Still to be auctioned						
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	274	600	200	350	650	750	
Purchase Payments (\$)	679,246.00	3,150,000.00	540,513.00	4,200,000.00	1,073,150.00	2,752,875.00	12,395,784.00

Table 4.3 – Auction Results – October to December 2009 (Q4)

4.4 January –March 2010

The first of four tranches for this quarter have been completed for all unit categories.

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

Bold typeface indicates the results for the 16th March 2009 Auction.

The purchase payments so far for this quarter are \$11.243M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	TOTAL (\$)
Clearing Price – T1 (\$/Unit)	7,004.00	6,203.00	4,510.00	21,165.00	7,685.00	4,721.00	
Clearing Price – T2 (\$/Unit)	Still to be auctioned						
Clearing Price – T3 (\$/Unit)	Still to be auctioned						
Clearing Price – T4 (\$/Unit)	Still to be auctioned						
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	137	300	100	175	325	375	
Purchase Payments (\$)	959,548.00	1,860,900.00	451,000.00	3,703,875.00	2,497,625.00	1,770,375.00	11,243,323.00

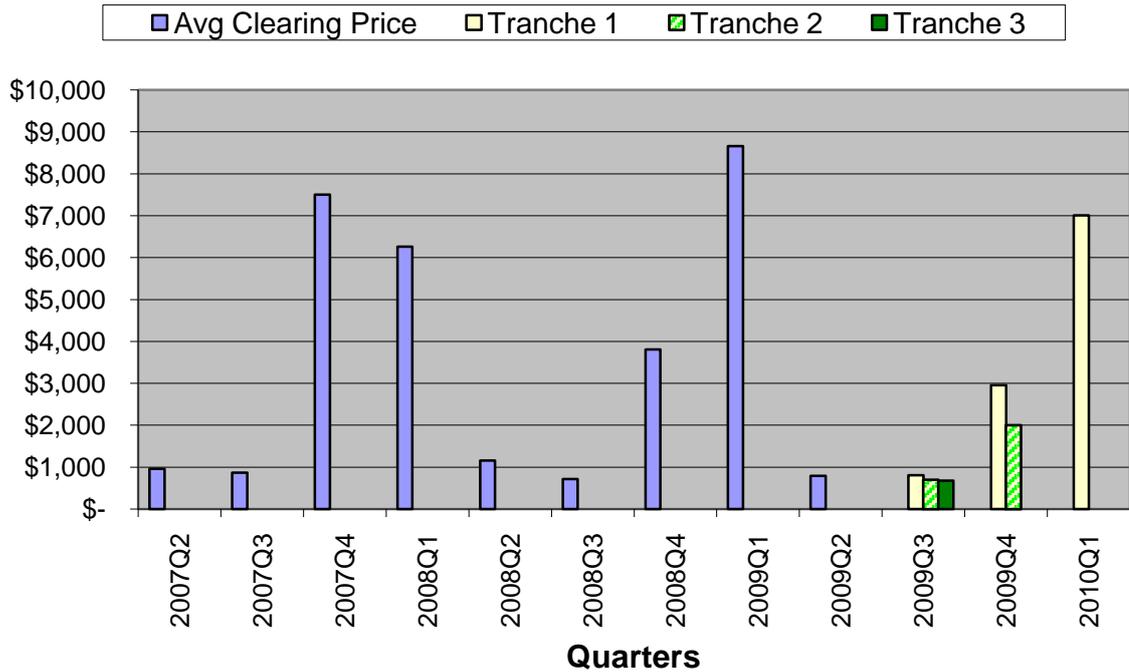
Table 4.4 – Auction Results – January to March 2010 (Q1)

4.5 Clearing Prices

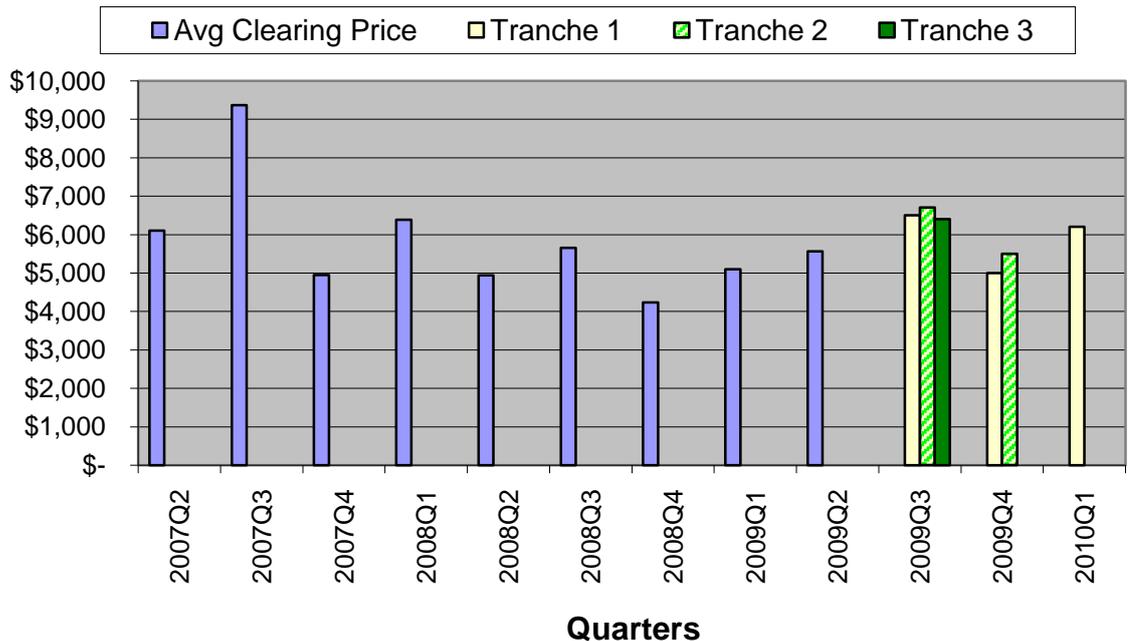
This section indicates the clearing price history for each of the unit categories. Each graph contains the average clearing prices since 2007Q2 for which all auctions have been completed and the clearing prices for the individual tranches for those quarters that have tranches still subject to auction.

It should be noted that the vertical scale of each graph has been automatically selected to reflect the range of prices being displayed. As such the scales are not consistent across all graphs.

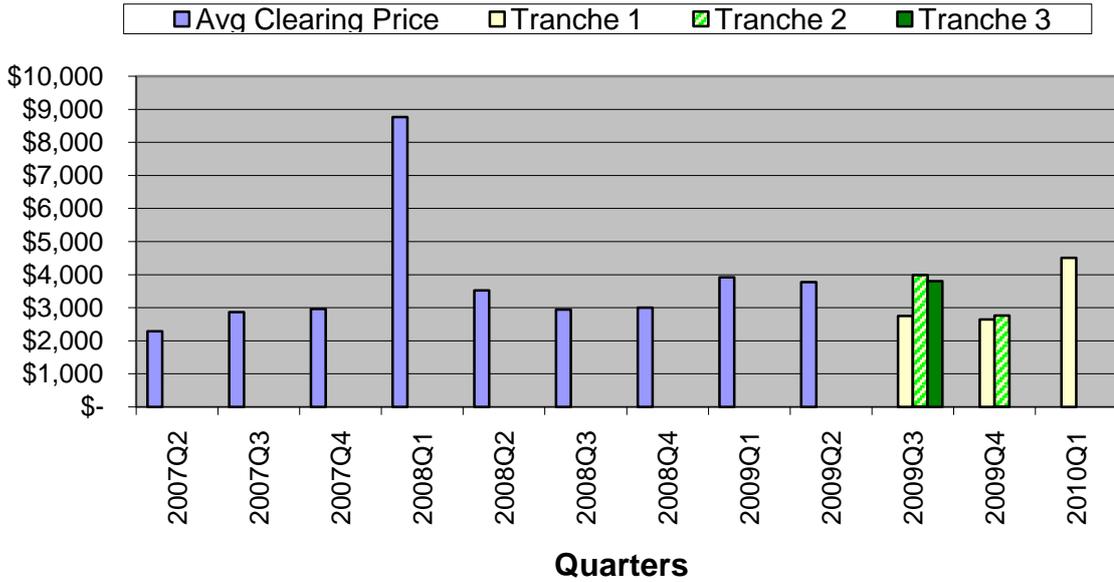
Clearing Prices - NSWQLD



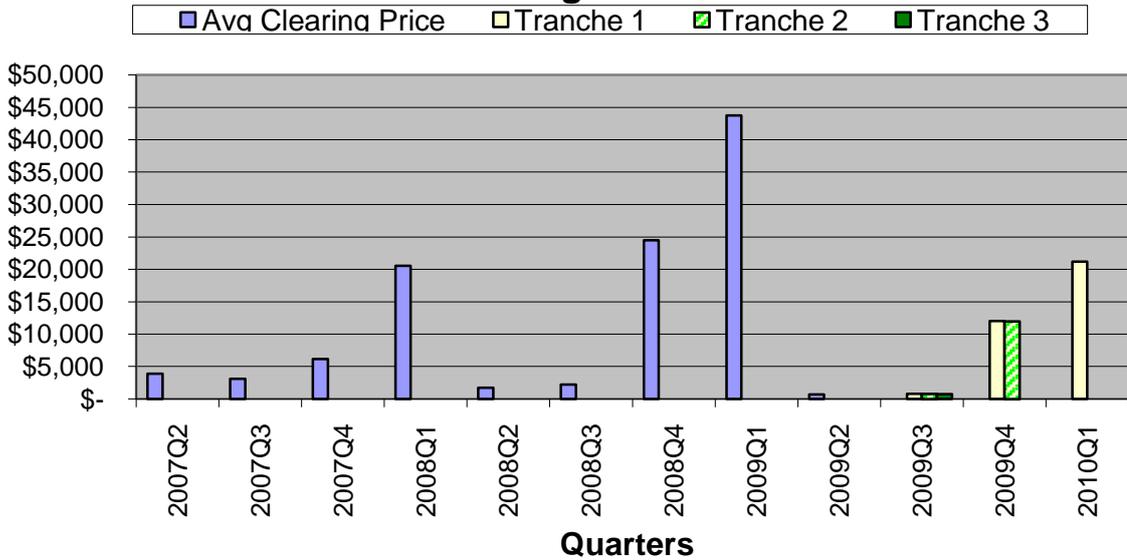
Clearing Prices - QLDNSW



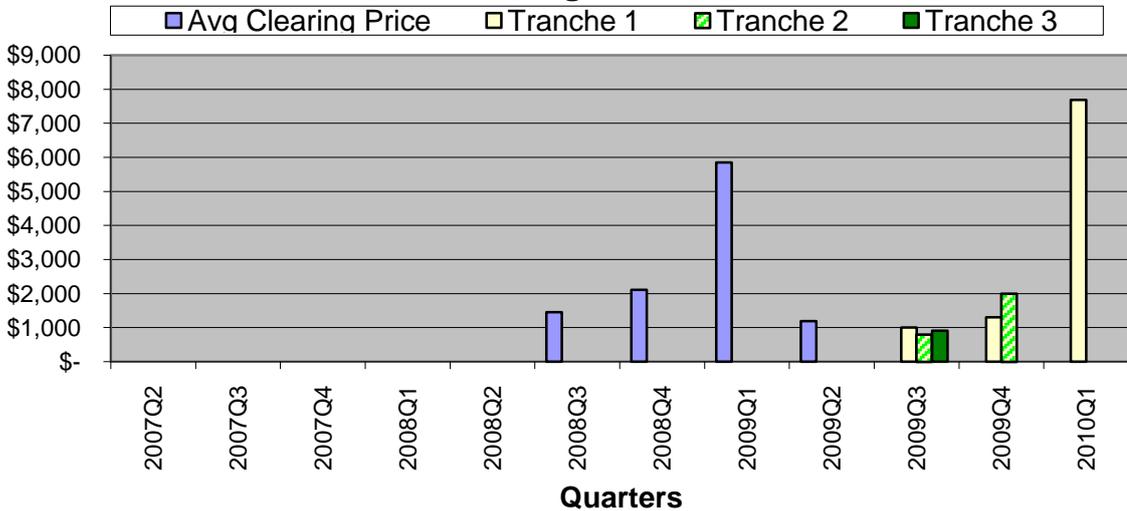
Clearing Price - SAVIC

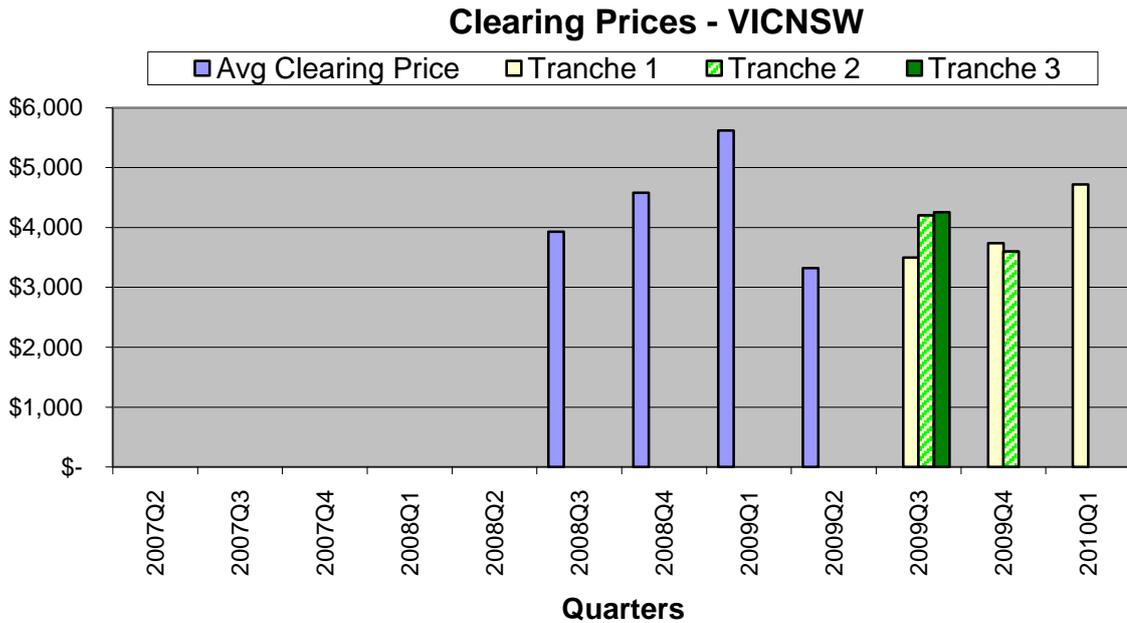


Clearing Prices - VICSA



Clearing Prices - NSWVIC

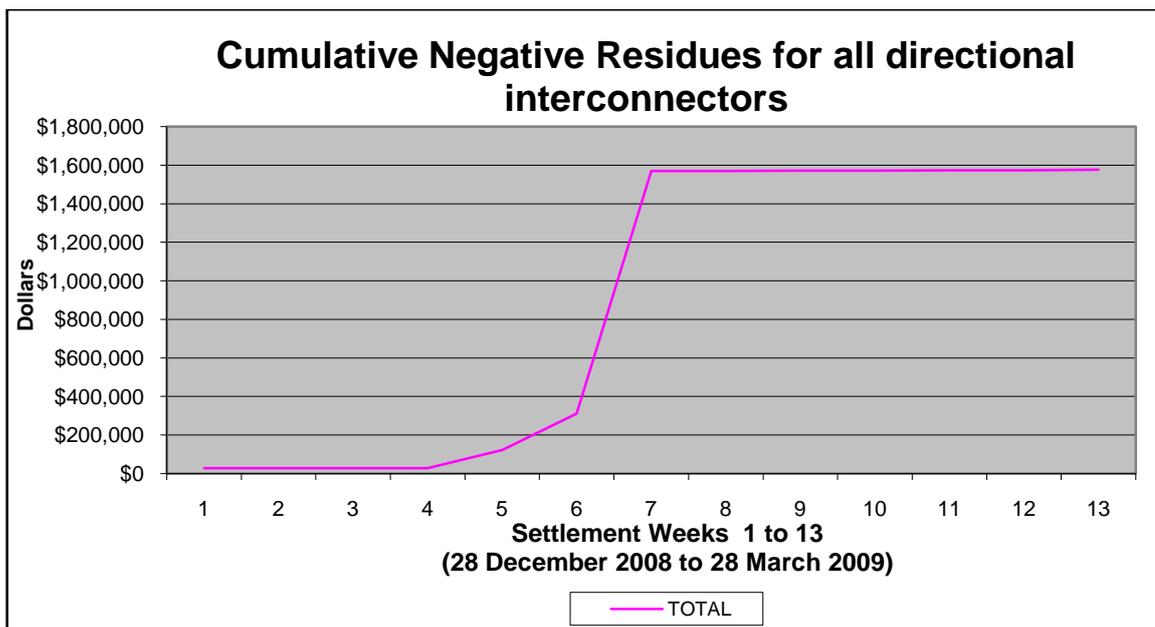


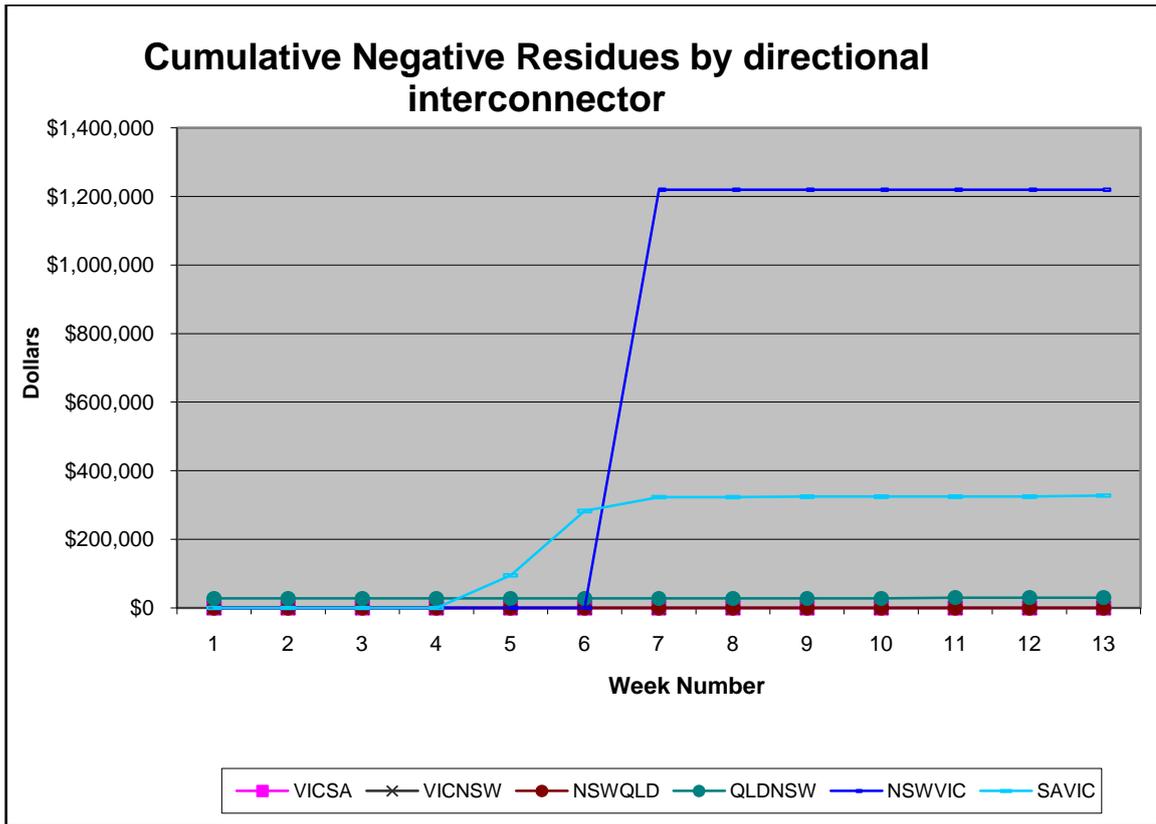


5 Inter- Regional Settlement Residue

The distribution of all residues for quarter 1 (weeks 1 to 13) which was 28 December 2008 to 28 March 2009 has been made and are summarised in the table below. Graphs indicating the variation of accumulated residue with time are also included.

For this quarter approximately \$83.027M of residues was distributed to unit holders. Auction proceeds for this same period were \$59.116M. The total negative residues for the quarter were \$1,576,687.69. \$1.218M residue occurred in week 7 on NSW-VIC interconnector. QLD-NSW interconnector incurred \$27.80k negative residues during week 1 and another \$2.3k in week 10. SA-VIC interconnector accumulated negative residues during weeks 5, 6, 7, 9 and 13 totalling \$327k.



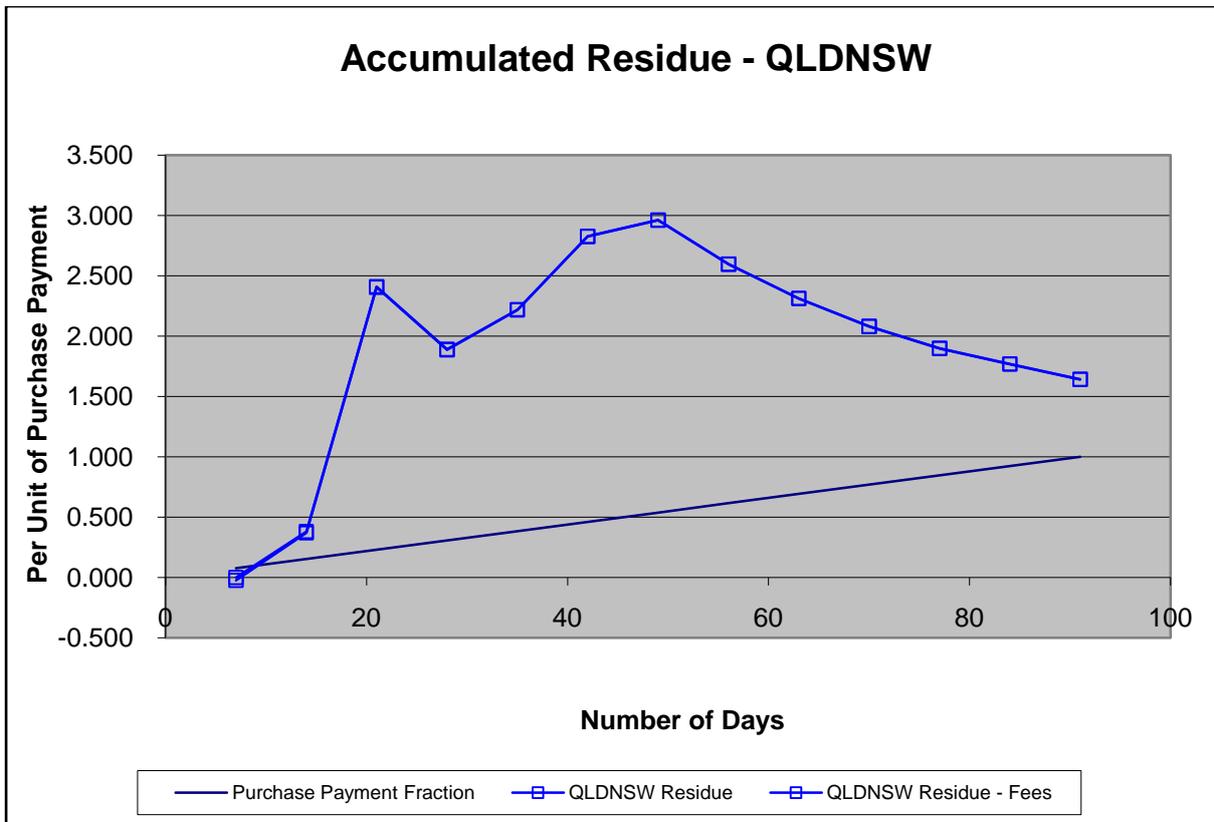
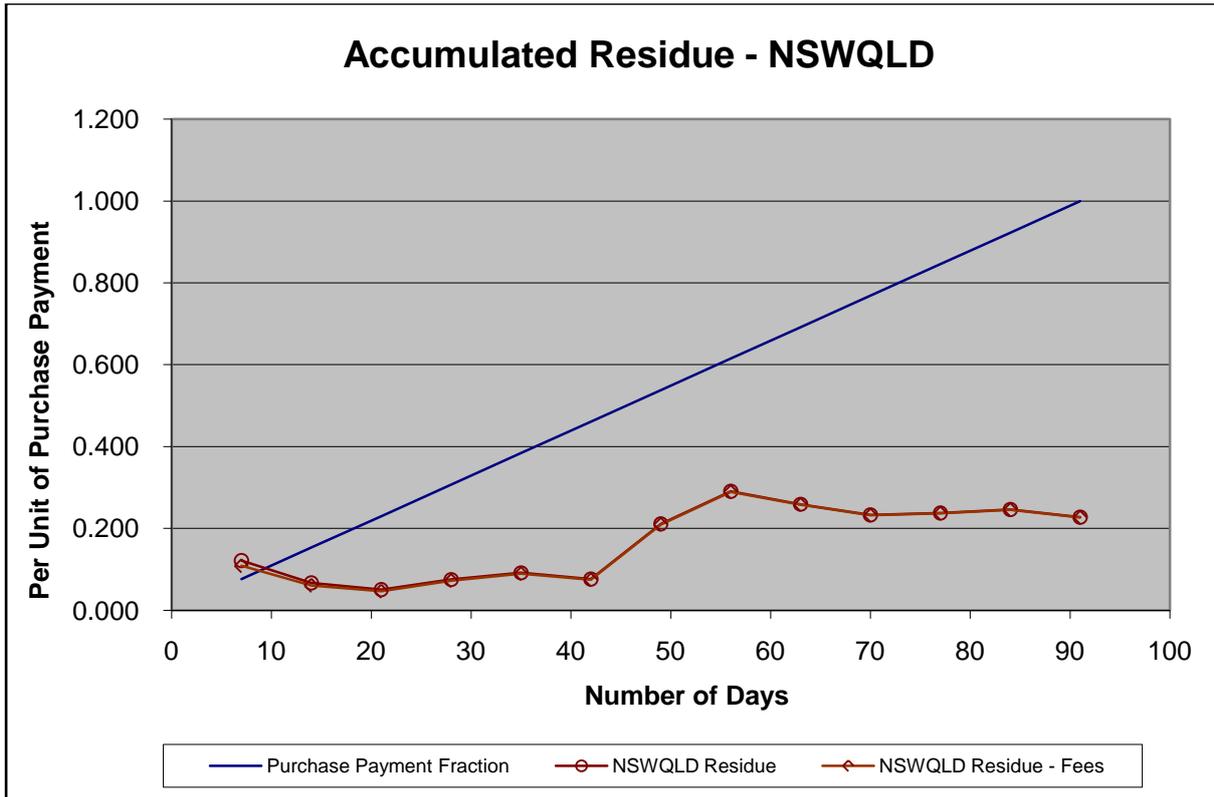


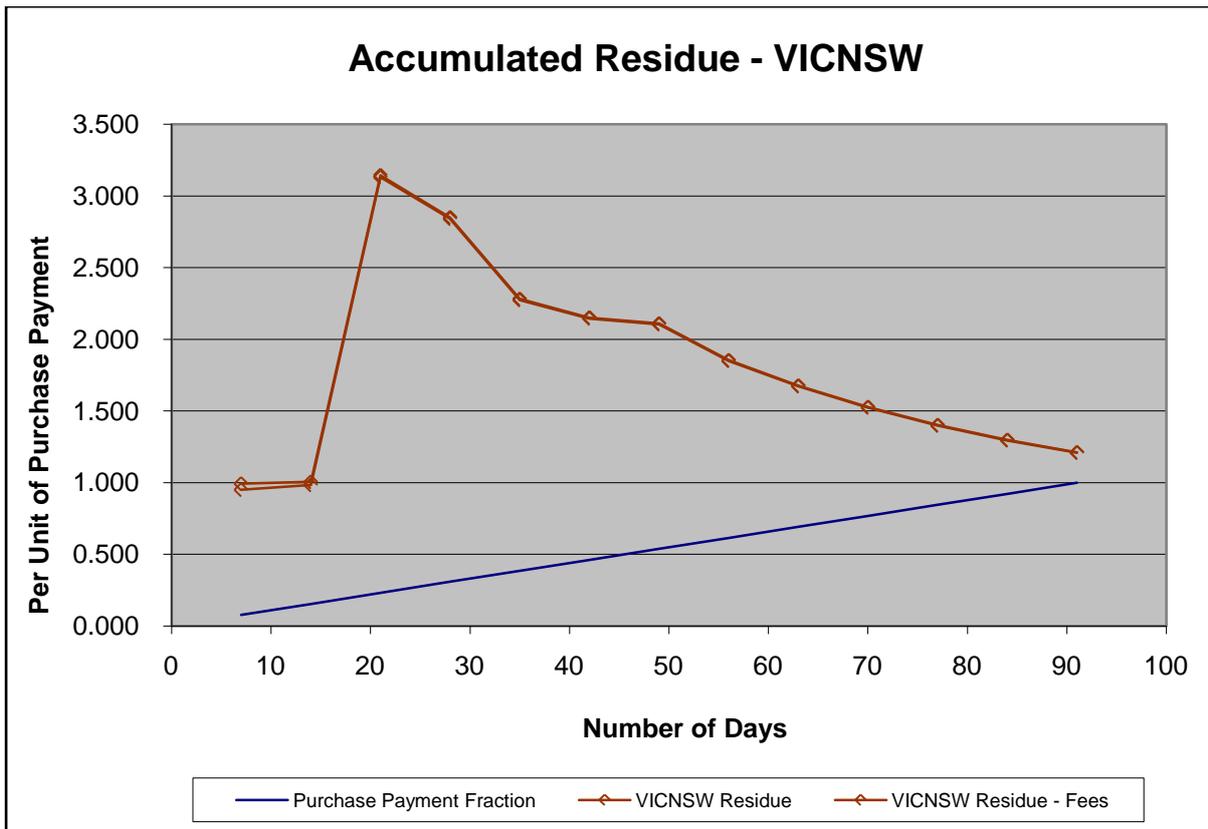
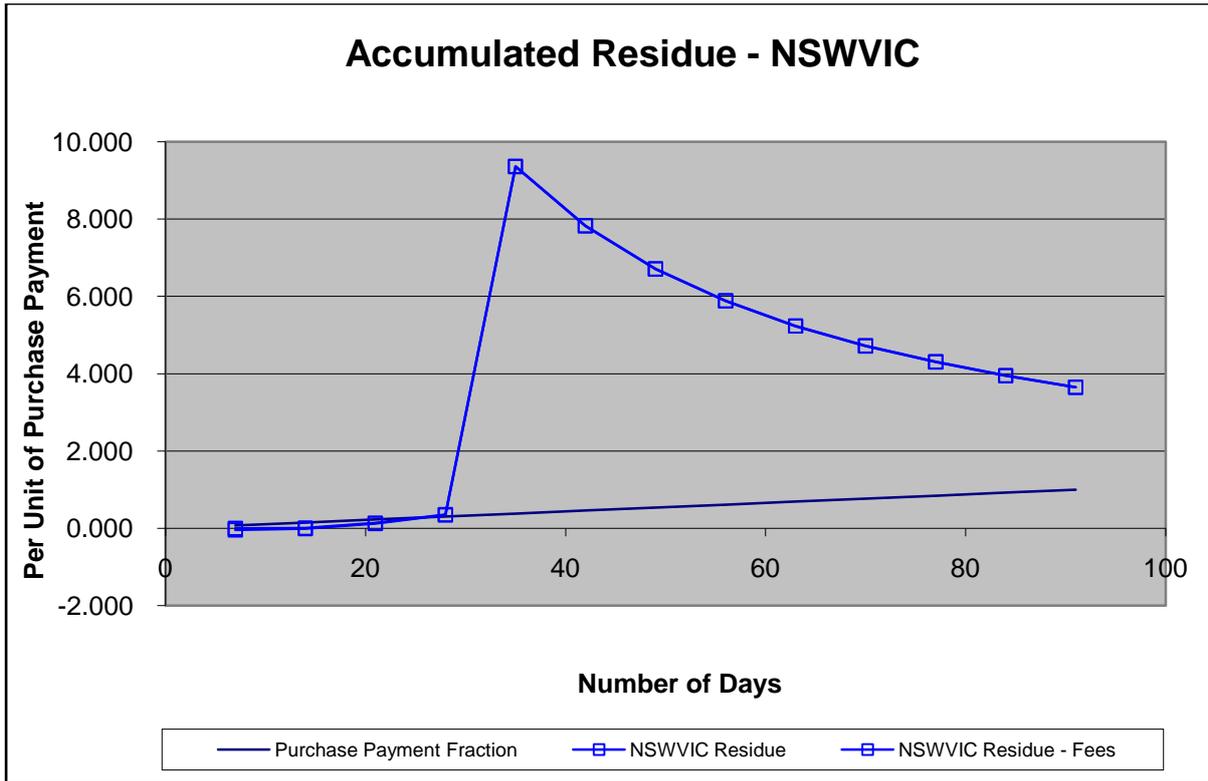
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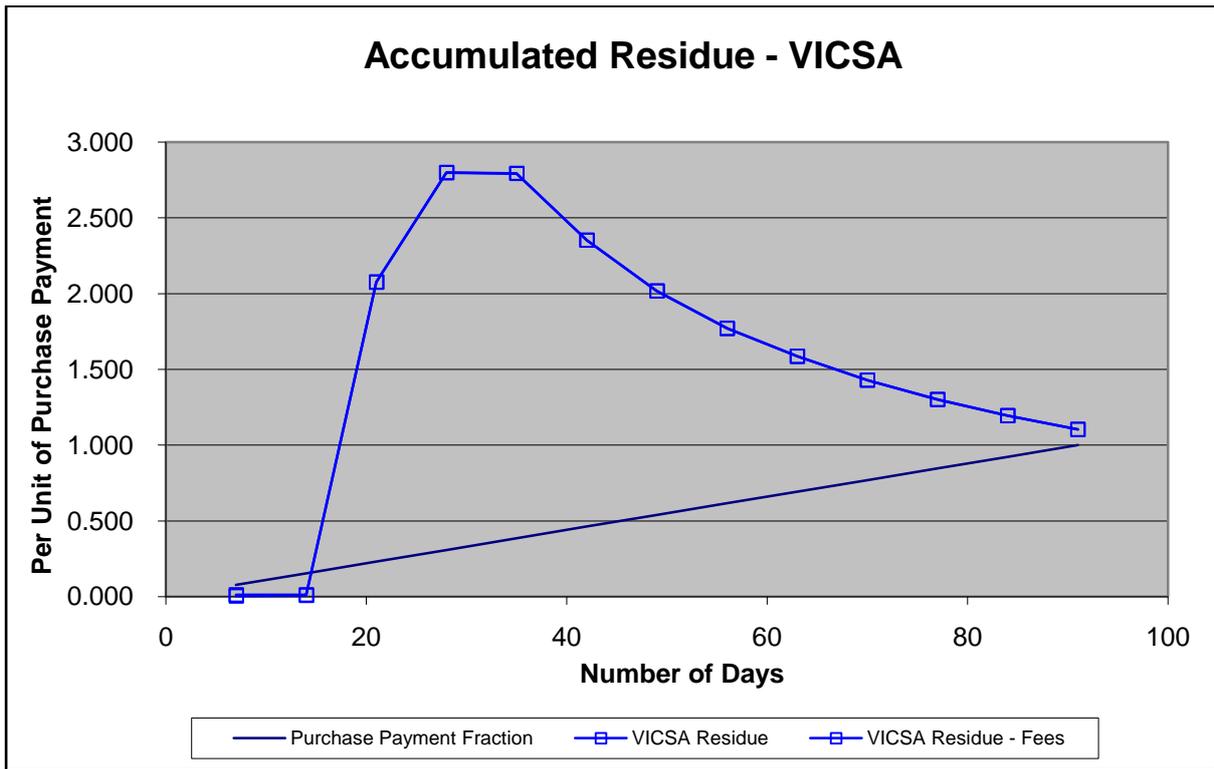
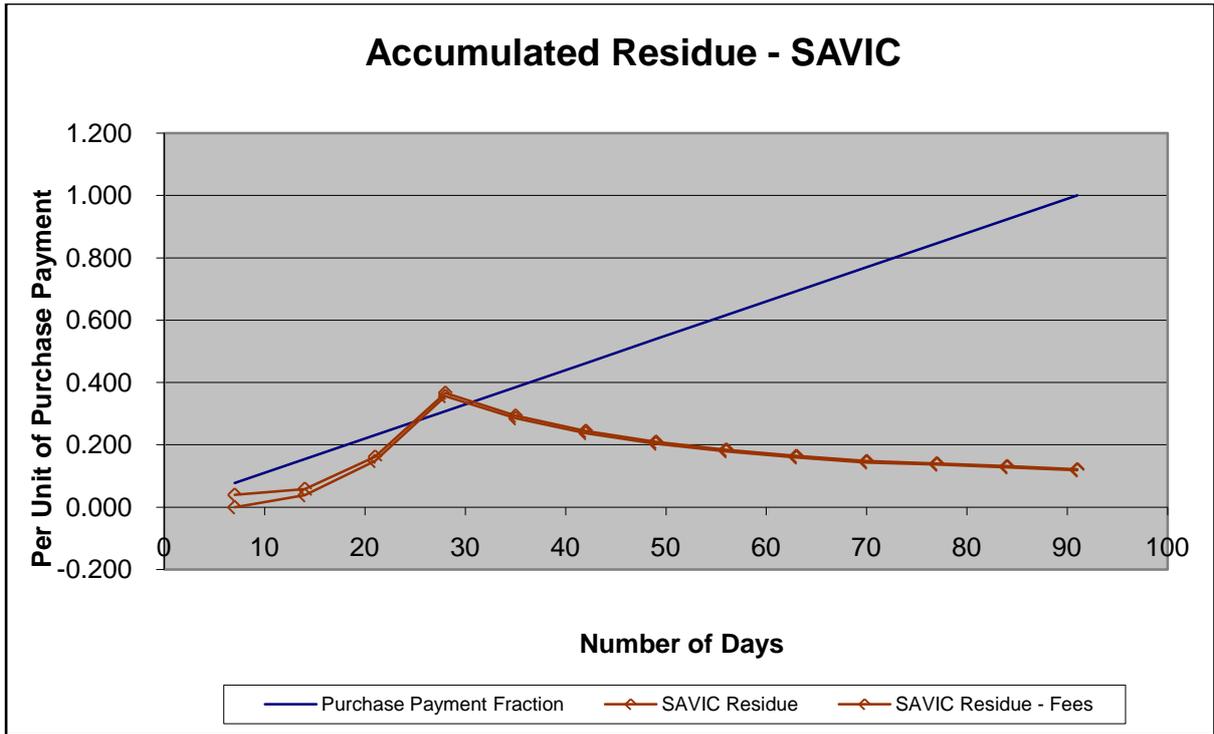
Residue Payments Quarter 1, 2009 (weeks 1 to 13)

	NSWQLD	NSWVIC	QLDNSW	SAVIC	VICNSW	VICSA	TOTAL
Total Residue (\$)	1,086,710.21	27,761,724.49	10,052,257.55	189,223.50	10,218,276.81	33,810,236.62	83,118,429.18
Auction Fees¹ (\$)	4,950.00	23,400.00	10,800.00	4,800.00	27,000.00	20,300.00	91,250.00
Guaranteed Minimum ² (\$)	5,500.00	13,000.00	12,000.00	4,000.00	15,000.00	7,000.00	58,500.00
Residue Distributed (\$)	1,081,760.21	27,738,324.49	10,041,457.55	184,423.50	10,191,276.81	33,789,936.62	83,027,179.18
Adjustment Amount ³ (\$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Auction Proceeds (\$)	4,763,185.00	7,603,375.00	6,115,200.00	1,567,100.00	8,432,677.50	30,634,625.00	59,116,162.50

1. Auction fees are paid out of the residue prior to the balance being paid to the successful auction participants.
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.







Please note that all of the above graph data is subject to revision under the normal settlements revision processes.

6 Auction Process

The auction was scheduled for 16th March 2009. This required data to be released and the auction opened to bids from the 2nd March 2009. No technical issues were encountered in the running of the Auction.

7 Conclusion

On the 16th March 2009 NEMMCO conducted an auction for inter-regional residue units arising on the six directional interconnectors (NSWQLD, QLDNSW, NSWVIC, VICNSW, SAVIC and VICSA) for quarters 2, 3, and 4 of 2009 and quarter 1 of 2010.

Seventeen (17) of the thirty one (31) auction participants eligible to bid participated in the auction.

All units offered were sold.