

FIVE MINUTE SETTLEMENT – NEM Settlement Estimates Policy Changes

PROCEDURE CONSULTATION

FIRST STAGE PARTICIPANT RESPONSE TEMPLATE

Participant: EEQ

Submission Date: 21 January 2019

1. Estimates to calculate net settlement amount

This refers to section 3.1 of the consultation paper

Heading	Participant Comments
<ul style="list-style-type: none"> Do participants agree with the proposed changes to estimates of net settlement amounts for settlement statement purposes? If not, why? 	<p>Ergon Energy Queensland (EEQ) agrees with the proposed changes to estimates of net settlement amounts for settlement statement purposes. EEQ acknowledges that the existing processes have never been used and are no longer an accurate reflection of AEMO's IT capability and market processes that relate to the management of system and communication outages.</p>
<ul style="list-style-type: none"> Are there other relevant issues that have not been considered? 	<p>EEQ has noted a number of issues we believe relevant in section 4.</p>
<ul style="list-style-type: none"> What is an alternative approach to estimating settlement amounts in any relevant scenario? How would it be implemented? 	<p>EEQ has not identified an an alternative approach to estimating settlement amounts.</p>

2. Estimates for prudential purposes

This refers to section 3.2 of the consultation paper

Heading	Participant Comments
<ul style="list-style-type: none"> Do participants agree with the proposed changes to estimates for prudential purposes, why? 	<p>EEQ supports the proposal to retain the existing methodology with calculations at a five-minute level as it strikes an appropriate balance between implementation risks and costs.</p>
<ul style="list-style-type: none"> Are there other relevant issues that have not been considered? 	<p>EEQ notes that a number of significant renewable energy projects are due to come on line in the lead up to the move to the 5 minute settlements framework. Consideration should be given to the potential for these projects to influence the likelihood of there being a sufficient number of 'like days' to support energy estimates.</p> <p>EEQ welcomes the proposal that the accuracy of the estimation be monitored through an internal review process and reassessed again after 5MS is implemented in July 2021.</p>
<ul style="list-style-type: none"> What is an alternative approach to perform settlement estimates for prudential purposes? How would it be implemented? 	<p>EEQ has not identified an an alternative approach.</p>

3. Potential effect of Global Settlement

This refers to section 3.3 of the consultation paper

Heading	Participant Comments
<ul style="list-style-type: none"> Do participants agree with the proposed approach to estimate UFE, why? 	<p>EEQ agrees with the proposed approach to estimate UFE. That is, where no meter data is available a scaled like-day estimate be used for settlement estimation for prudential purposes and that on these days the UFE component will be assumed to be zero.</p> <p>EEQ agrees with AEMO that this approach would have a minimal effect on prudential estimates given the immateriality of the value to the total credit limit and that the estimation process only applies to a small part of prudential estimates</p>
<ul style="list-style-type: none"> Are there other relevant issues that have not been considered? 	<p>EEQ notes that the NER appears to be silent on the methodology for settlement calculations for type 6 metering with regards to forward estimates. Metrology outlines the MDPs estimation methods but its application to settlements, namely settlement estimates is missing.</p> <p>To ensure alignment in methodology EEQ seeks further guidance from AEMO on the methodology they intend to use for the purposes of applying NSLP for forward estimates.</p> <p>Further, given the the significant volumes of type 6 metering for ERGON1 profile requiring an estimated settlement amount under the global settlements methodology for Preliminary and Final Statement Preparation EEQ is concerned that the calculation and assignment of UFE where actual consumption data is not available and may not occur until the 20 week revision statement.</p>

Heading	Participant Comments
<ul style="list-style-type: none">• What is an alternative approach to estimate UFE? How would it be implemented?	EEQ has not identified an alternative approach however note that should an estimation method be ratified AEMO should ensure that participants have access (via published material) to both the value and calculation method for each profile area.

4. Transitional and other matters

This refers to section 3.4 of the consultation paper and allows for any additional feedback

Heading	Participant Comments
<ul style="list-style-type: none"> Are there any transitional issues that need to be reflected in the Policy? 	<p>EEQ supports the use of both 5M <u>and</u> 30M settlements over a transitional period. In the interests of avoiding duplication EEQ seeks further guidance from AEMO on downstream impacts of the use of two statements. ised.</p>
<ul style="list-style-type: none"> Do you have any additional feedback or suggestions on amendments to the Policy not covered in the previous sections, in connection with the 5MS or Global Settlement rules? 	<p>EEQ advise that there would be value in providing a Calculation Method into the Level 2 Settlement Reconciliations to identify AEMO methods. Replace 'N' values with</p> <ul style="list-style-type: none"> 'A'ctual (as provided by the MDP) 'E'stimate (as provided by the MDP) 'C'alculated (AEMO estimation) <p>Reference is made to the NER acknowledging AEMO estimation which would assist with potentially lessening disputes where amount differ to retailer internal calculations.</p> <p>3.15.15A Use of estimated settlement amounts by AEMO</p> <p>(a) Subject to clause 3.15.15A(b), if <i>AEMO</i> calculates an <i>estimated settlement amount</i> in accordance with clause 3.15.12(b), then clauses 3.15.13, 3.15.14 and 3.15.15 will have effect mutatis mutandis by applying the <i>estimated settlement amount</i> in place of a <i>settlement amount</i> for a <i>Market Participant</i> for the purposes of those clauses.</p>