

## MEETING OUTCOMES

MEETING: AEMO Procedure Change Working Group (APCWG)  
 DATE: Tuesday, 30 November 2021  
 TIME: 10:00 am – 11:00 am  
 LOCATION: Virtual meeting via MS Teams

### ATTENDEES:

NAME	COMPANY / DEPARTMENT
Stuart Featham	AEMO (Chair)
Douglas Birse	AEMO
Mark Katsikandarakis	AEMO
Edwin Ong	AEMO
Nick Eaton	Alcoa
Naomi Donohue	APA
Geoff Gaston	Change Energy
Cherie Cooper	Change Energy
Rebecca White	Collgar
Jenny Laidlaw	EPWA
Erin Stone	Point Global
Sumeet Kaur	Shell
Lucy Wu	South32
Jo-Anne Chan	Synergy

### Agenda Item 1: Welcome

The Chair welcomed attendees and gave an Acknowledgement of Country before explaining the conduct of the meeting. The Chair invited, Douglas Birse (AEMO), to provide an overview of the proposed changes to the Market Procedure – Prudential Requirement (Procedure).

### Agenda Item 2: WEM Procedure - Prudential Requirements

Douglas began by explaining that the Procedure changes were made for consistency with the market mechanisms and to maintain simplicity of the Credit Limit Determination. Key changes to the Procedure:

- align the credit limit formulation for Market Participants with greater than and less than 3 months of available data
- consider the interaction between STEM and NSTEM trading in Credit Limit determinations
- shorten the Credit Limit window from 24 to 12 months to enable assessments based on the Market Participant's most recent behaviour

Douglas informed participants that the proposed changes would likely result in a reduction in the overall Credit Limit held by AEMO and invited Market Participants to provide feedback in terms of any resultant risks to participants (e.g., default levies and short payments).

Douglas conducted a page-turn of the Procedure and noted that there were administrative changes throughout the document because of the conversion from a Market Procedure to WEM Procedure.

#### Changes to Section 2 - Credit Limits

Douglas explained that AEMO will no longer use a different Credit Limit Determination for Market Participants with less than 3 months of Non-STEM Settlement Data. Instead, all Market Participants Credit Limits will be determined by using the same formulation. Douglas elaborated on the mathematical formula and the components of the new defined term, Anticipated Maximum Exposure. It was noted that the Credit Limit window used in the formula was reduced from 24 to 12 Trading Months to reflect the Market Participant's most recent trading behaviour.

Rebecca White (Collgar) asked whether the definitions used in the Anticipated Maximum Exposure formula would need to be adjusted for Participants without full data.

Douglas replied where there is insufficient data to calculate the Anticipated Maximum Exposure, AEMO will use estimates based on available information as detailed in 2.1.4, 2.1.6 and Table 2 of the Procedure. AEMO also defined in 2.1.5 the information that may be requested from Market Participants to assist with the estimation.

Geoff Gaston (Change Energy) asked if there would be provision to exclude data from the Credit Limit window if there was a change in Market Participant behaviour, such as through extraordinary forced outages.

Douglas responded that AEMO was able to make necessary adjustments to the Anticipated Maximum Exposure calculation as detailed in 2.1.7 of the Procedure i.e. AEMO has discretion to make adjustments in accordance with clauses 2.37.5(k) and 2.37.6 of the WEM Rules.

#### Changes to Section 3.3 - Credit Support Effective Date

Douglas pointed out that there was an update to the Credit Support Effective Date of a New Market Generator in 3.3.2 of the Procedure. Previously the Credit Support Effective Date occurred before the Facility's commissioning date. However, Market Participants often have Reserve Capacity Obligations before the commissioning date and there may also be delays with the commissioning dates.

Therefore, AEMO has updated the Credit Support Effective date for New Market Generators to be before the earlier of the commissioning date and the date the Facility's Reserve Capacity Obligation Quantity become applicable under the WEM Rules.

#### Credit Limit Impact Analysis

Douglas invited Market Participants to contact AEMO's Market Operations team ([wa.operations@aemo.com.au](mailto:wa.operations@aemo.com.au)) to request a Credit Limit Determination of the most recent Credit Limit window based on the proposed changes. Market Participants are encouraged to assess their credit risks based on the proposed Procedure changes.

### **Agenda Item 3: Future agenda items and next meeting**

The Chair advised that the consultation period was likely to commence on 17 December. Further information will be available in the Call for Submissions.

The Chair thanked everybody for their participation and closed the meeting.