



Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2009

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996;
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory;
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (d) the Electricity - National Scheme (Queensland) Act 1997 of Queensland;
- (e) the Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (f) the National Electricity (Victoria) Act 2005 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

A handwritten signature in black ink, appearing to read 'John Tamblyn', is written over a large, light grey circular watermark that is faintly visible in the background of the page.

John Tamblyn

Chairman

Australian Energy Market Commission

Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2009

1. Title of Rule

This Rule is the *Draft National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2009*.

2. Commencement

This Rule commences operation on [insert date].

3. Amendment of National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4. Amendment of National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] Clause 3.6.5 Settlements residue due to network losses and constraints

Omit clauses 3.6.5(a)(4), 3.6.5(a)(4A) and 3.6.5(a)(4B) and substitute:

- (4) subject to clauses 11.1.1 and 11.1.2, if the *settlements residue* arising in respect of a *trading interval*, after taking into account any adjustment in accordance with clauses 5.7.7(aa)(3) or (ab), is a negative amount, then, in respect of the *billing period* in which the negative *settlements residue* arises:
 - (i) *NEMMCO* must recover the amount from the appropriate *Transmission Network Service Provider* within the *region* (the “importing region”) to which electricity is transferred during the relevant *trading interval* from another *region* (the “exporting region”) through *regulated interconnectors*, at a payment interval, and by a method, determined by *NEMMCO*, and which may include a determination that an appropriate *Transmission Network Service Provider* make payment at a date prior to the settlement date determined in respect of other *Transmission Network Service Providers*; and
 - (ii) the appropriate *Transmission Network Service Provider* must make the payment at the time and payment interval, and by the method, determined by *NEMMCO*;
- (4A) subject to clauses 11.1.1 and 11.1.2, if interest costs are incurred by *NEMMCO* in relation to any unrecovered negative *settlements residue* amount referred to in clause 3.6.5(a)(4), then, in respect of the *billing period* in which the negative *settlements residue* arises:
 - (i) *NEMMCO* must recover the interest costs from the appropriate *Transmission Network Service Provider* within the *region* (the “importing region”) to which electricity is transferred during the relevant *trading interval* from another *region* (the “exporting region”) through *regulated interconnectors*, at a payment interval, and by a method, determined by *NEMMCO*, and which may include a determination that an appropriate *Transmission Network Service Provider* make payment at a date prior to the settlement date determined in respect of other *Transmission Network Service Providers*; and
 - (ii) the appropriate *Transmission Network Service Provider* must make the payment at the time and payment interval, and by the method, determined by *NEMMCO*;
- (4B) for the purposes of sub-paragraphs (4) and (4A), the *AER* must, in accordance with the *Rules consultation procedures*, make, *publish*, and where necessary, amend, a determination identifying the appropriate *Transmission Network Service Provider* (which must not include a *Market Network Service Provider*)

responsible for payments in respect of negative *settlements residues* in relation to each directional *interconnector*, and must notify *NEMMCO* of the making or amendment of any such determination;

[2] Clause 3.6.5 Settlements residue due to network losses and constraints

Omit clause 3.6.5(c) and substitute “[Deleted]”.

[3] Rule 3.15.1 Settlement Management by NEMMCO

Omit rule 3.15.1(a) and substitute:

- (a) *NEMMCO* must facilitate the billing and settlement of payments due in respect of *transactions* under this Chapter 3, including:
 - (1) *spot market allocations*;
 - (2) *reallocation transactions*;
 - (3) negative *settlements residues* under clause 3.6.5; and
 - (4) *ancillary services* transactions under clause 3.15.6A.

[4] Clause 3.18.4 Proceeds and fees

Omit clause 3.18.4(a)(1) and substitute:

- (1) subject to clauses 3.6.5(a)(4) and (4A), proceeds from each *auction* in respect of a *directional interconnector*; and

Schedule 2 Amendment of National Electricity Rules

(Clause 4)

[1] Chapter 11 Savings and transitional arrangements

Omit the heading “Part A Negative Inter-Regional Settlements Residue (2006 and 2009 amendments)” and rule 11.1 and substitute:

Part A Negative Inter-regional Settlements Residue (2009 amendments)

11.1 Rules consequent on making of the National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2009

11.1.1 Definitions

For the purposes of this rule 11.1:

Amending Rule means the National Electricity Amendment (Negative Inter-regional Settlements Residue Amounts) Rule 2009.

commencement date means the date of commencement of the Amending Rule.

old clause 3.6.5(a)(4A) means clause 3.6.5(a)(4A) of the *Rules* as in force immediately before the commencement date.

old clause 3.6.5(a)(4B) means clause 3.6.5(a)(4B) of the *Rules* as in force immediately before the commencement date.

11.1.2 Recovery of accrued negative settlements residue

The old clause 3.6.5(a)(4A) continues to apply to any negative *settlements residue* amounts arising before the commencement date, and not recovered as at the commencement date, until all such negative amounts have been recovered.

11.1.3 Recovery of interest costs associated with accrued negative settlements residue

The old clause 3.6.5(a)(4B) continues to apply to any interest costs arising before the commencement date, and not recovered as at the commencement date, until all such interest costs have been recovered.
