



LIQUID CAPITAL MARKETS

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To Whom it May Concern:

We would be in support of the rule change (ERC0201) which concerns 5 minute settlement.

We believe this would bring more consistency to the Australian Electricity Market by smoothing out the metrics of flow versus price.

Currently we see many instances when the price will be 'optimised' by a generator in 1 or 2 5 minute periods during a half hour, with the intention of inflating the half hourly average, which is then responded to by retailers bidding in excess capacity at 0 or negative dollar prices, which then causes severe interconnector flow changes and creates a huge disparity between the interconnector flow and the price, when averaged over said half hour.

This greatly devalues SRA's given the severe difference which can be achieved in price, without the commensurate flow which was flowing at the time of the price spike. So you have many instances where there was counter price flow on the half hour even though there was strong flow during the actual 5 minute period when the price was high.

To approve this rule change would remove this discrepancy and bring more validity to the SRA product which is offered by AEMO. It brings the market settlement format in line with the nature of how the actual market operates, which it currently is not. This benefits all stakeholders including AEMO themselves, as SRAs become a more consistent product reflective of actual market conditions.

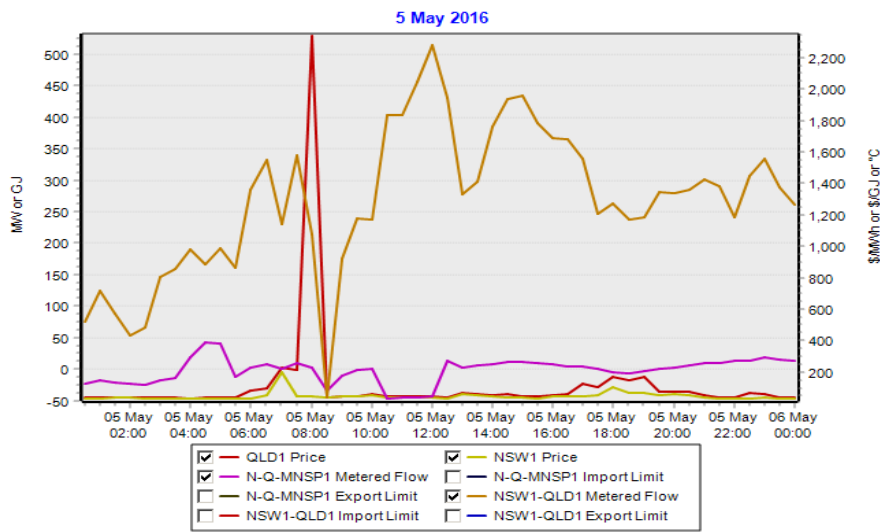
Please see the supporting document for an example of what I am talking about. We see this happen a large percentage of the time when there are spikes in the NEM.

Sincerely,

Timothy Plunkett
Co Chief Executive Officer

Example:	5/05/2016	
Node:	QLD EXAMPLE	
5min Flow (during spike):	386.39	
HH avg flow:	215.24	
SRA Accrual 5min Settle:	\$	805.77
SRA Accrual 30min Settle:	\$	448.96
Error (\$)	\$	356.81
Error (%)		79.47%

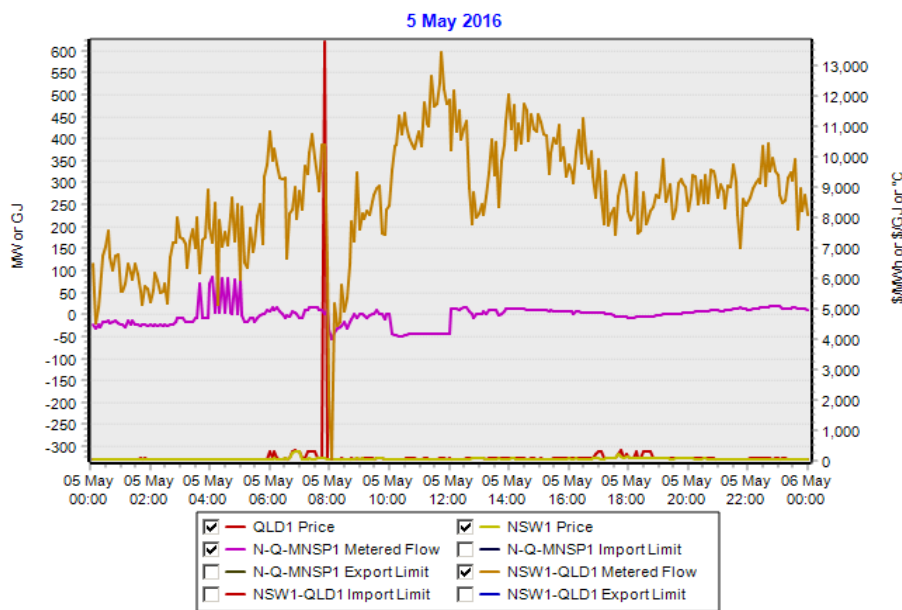
30 Min



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5 Min Graph

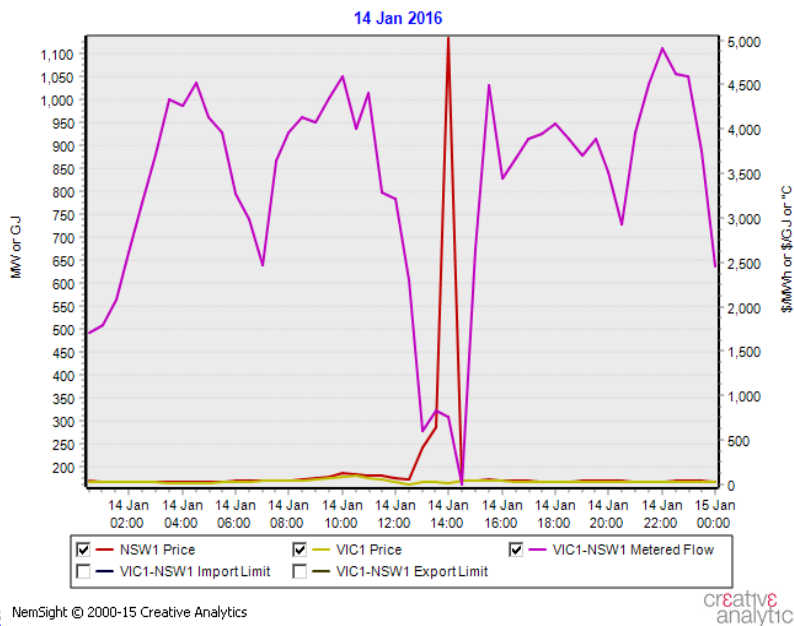


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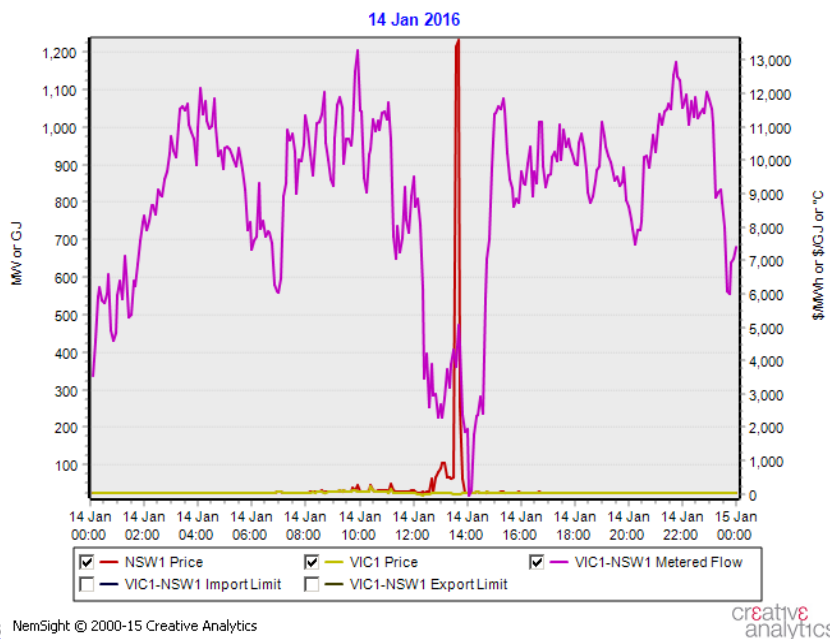
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Example:	14/01/2016	
Node:	NSW EXAMPLE	
5min Flow (during spike):		472.99
30min avg flow:		310.61
SRA Accrual 5min Settle:	\$	691.66
SRA Accrual 30min Settle:	\$	517.93
Error (\$)	\$	173.73
Error (%)		33.54%

30 Min Graph



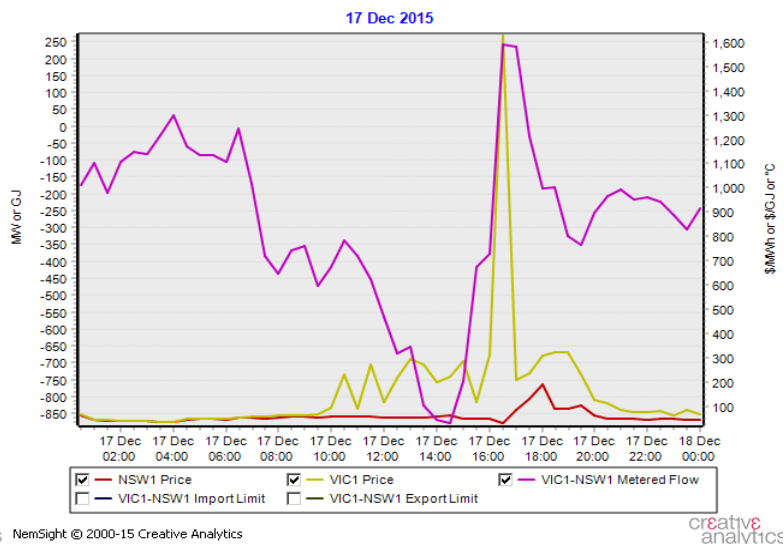
5 Min Graph



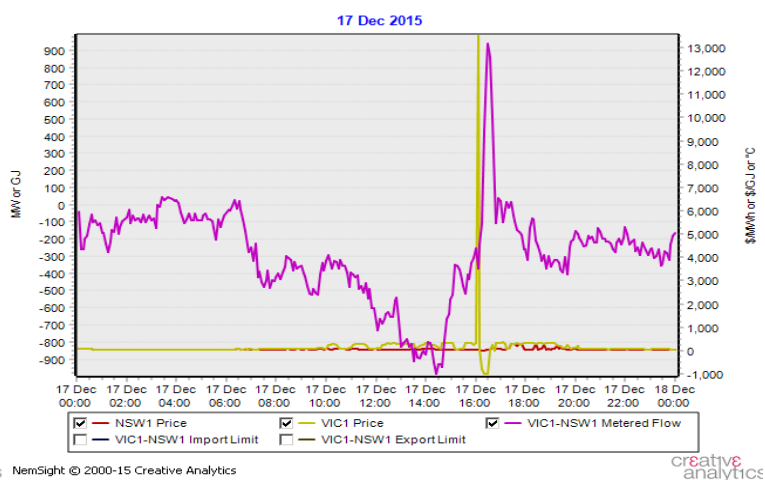
Example:	17/12/2015
Node:	VIC Example
5min Flow (during spike):	373.84
HH avg flow:	-
SRA Accrual 5min Settle:	\$ 316.90
SRA Accrual 30min Settle:	\$ -
Error (\$)	\$ 315.90
Error (%)	31590.36% **

****Note for the purpose of showing the % error
I put the flow at 1MW when really it was 0
as the half hour average was flowing counter-price
into NSW**

30 Min Graph



5 Min Graph



Link Units					
NSWQLD	550				
QLDNSW	1200				
NSWVIC	1300				
VICNSW	1500				
QLD EXAMPLE	Time-ending	QLD1 Price	NSW1 Price	QNI (qni + terranora)	SRA Settlement Value
30 Minute Settle	5/05/2016 8:00	\$ 2,336.52	\$ 42.08	215	\$ 448.96
5 Minute Settle	5/05/2016 7:35	\$ 57.15	\$ 49.95	326.88	\$ 4.28
	5/05/2016 7:40	\$ 57.59	\$ 49.99	288.83	\$ 3.99
	5/05/2016 7:45	\$ 56.29	\$ 49.95	394.29	\$ 4.55
	5/05/2016 7:50	\$ 13,795.00	\$ 49.99	386.39	\$ 9,656.24
	5/05/2016 7:55	\$ 27.08	\$ 26.29	119.69	\$ 0.17
	5/05/2016 8:00	\$ 26.03	\$ 26.29	-224.63	\$ -
					\$ 805.77
				Difference (\$)	\$ 356.81
				Difference (%)	79.47%
NSW EXAMPLE	Time-ending	NSW1 Price	VIC1 Price	VIC1-NSW1 Metered Flow	Estimated Value SRA
30 Minute	14/01/2016 14:00	\$ 5,022.74	\$ 20.32	311	\$ 517.93
5 Minute	14/01/2016 13:35	\$ 13,400.00	\$ 10.50	361.19	\$ 3,224.10
	14/01/2016 13:40	\$ 13,594.71	\$ 10.50	472.99	\$ 4,283.46
	14/01/2016 13:45	\$ 2,620.55	\$ 10.50	416.97	\$ 725.54
	14/01/2016 13:50	\$ 473.31	\$ 43.33	232.72	\$ 66.71
	14/01/2016 13:55	\$ 27.62	\$ 27.18	187.09	\$ 0.05
	14/01/2016 14:00	\$ 20.26	\$ 19.92	192.73	\$ 0.04
					\$ 691.66
				Difference (\$)	\$ 173.73
				Difference (%)	33.54%
VIC Example	Time-ending	NSW1 Price	VIC1 Price	VIC1-NSW1 Metered Flow	Estimated Value SRA
30 Minute	17/12/2015 16:30	\$ 31.22	\$ 1,626.30	241.39	\$ 1.00
5 Minute	17/12/2015 16:05	\$ 43.29	\$ 13,499.86	-373.84	\$ 3,869.70
	17/12/2015 16:10	\$ 48.58	\$ 54.73	-232.31	\$ 1.10
	17/12/2015 16:15	\$ 6.51	-\$ 796.84	-109.96	-\$ 67.95
	17/12/2015 16:20	\$ 13.64	-\$ 999.99	425.51	\$ -
	17/12/2015 16:25	\$ 37.50	-\$ 1,000.00	800.41	\$ -
	17/12/2015 16:30	\$ 37.80	-\$ 1,000.00	938.52	\$ -
					\$ 316.90
				Difference (\$)	\$ 315.90
				Difference (%)	31590.36%