



Mr John Pierce
Mr Neville Henderson
Dr Brian Spalding
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Commissioners,

Reference: ERC0139

A: Introduction

TRUenergy welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) "Consultation Paper" which deals with the payment arrangements that apply to negative intra-regional settlements residues.

AEMO's Rule change request relates to the future payment procedures involving TNSP payments to AEMO where negative intra regional settlements occur.

The Rule change seeks to modify the arrangements that apply to the payment of negative intra-regional settlements residues. It intends to do this so that the payment arrangements that currently apply to negative inter regional settlements residues reflect those that apply to negative intra regional settlements residues.

If this Rule change is accepted by the AEMC then it will give AEMO more time to pay market participants for negative intra regional settlement residues. Under the current arrangements, AEMO receives payments for any negative intra regional settlements residues on the same day that it is due to make payments to market participants. Currently, we believe that this gives AEMO only 2.5 hours available to undertake this task. We consider the current process to be inefficient and inconsistent with the National Electricity Objective (NEO).

Unless evidence is presented which demonstrates that changing the timing of these payments creates significant working capital impacts on TNSPs that could impact consumer tariffs, then we consider this rule change to be fair and reasonable. In addition, we consider the request in the rule change to be consistent with the NEO. On the whole, we think it will improve the overall efficiency of the payment process that applies to negative intra regional settlement residue payments.

Finally, we understand that the AEMO Rule change proposal will be treated in an expedited manner. The AEMC claims that the Rule change should not have a significant impact on the market. We agree with this conclusion. Therefore, we support the AEMC's position to consider this Rule change in an expedited manner.

B: TRUenergy supports the process submitted by AEMO in this rule change to achieve its objective

TRUenergy supports the process outlined in the rule change that would ensure consistency in both the inter regional and intra regional residue payment arrangements

We consider that the proposal to be consistent with the NEO.

In the remaining part of this submission, we provide some broad based comments on the key parts of this rule change.

1. Extend clauses 3.6.5 (a) (4) of the NER to cover negative intra regional settlement residues

TRUenergy supports extending clauses 3.6.5 (a) (4) of the NER so that it covers negative intra regional settlement residues.

AEMO notes that the payment on inter regional settlement residues is subject to clause 3.6.5 (a) (4). Under that clause, AEMO can recover the payments from a TNSP at a payment interval and a method that it determines to be reasonable following a consultation process with the relevant TNSP.

AEMO has implemented this clause in practice by adopting one payment procedure to apply to all negative inter regional settlements residue events which applies to all TNSPs. In relation to the timing of these payments, AEMO requires that each TNSP pay negative inter regional settlements residue 14 business days after the billing period, which is six business days before the market settlement date.

Whilst we can see that extending clauses 3.6.5 (a) (4) of the NER to cover the payments for negative intra regional settlements residues opens up the way for AEMO to change the timing and process that would apply to negative intra regional settlement residues in any manner it chooses, in reality this is not likely to occur. We understand that AEMO intends to apply this clause to negative inter regional settlements residue in the same way that applies negative inter regional settlement residues. We have no reasons to believe that it will not follow through with this.

Therefore, on the whole, we are comfortable with this approach.

2. Amending the definition of "settlements residue"

TRUenergy supports amending the definition of the term "settlements residue" in the National Electricity Rules (NER).

AEMO has proposed this further clarification in order to avoid any doubt that settlement residues include both intra-regional and inter regional settlements residue. In short, we agree that this proposal will help to make the NER clearer.

3. Deletion of NER clause 11.1

TRUenergy supports the deletion of clause 11.1 of the NER.

Clause 11.1 of the NER outlines how a negative inter regional settlements residue would be recovered if the residue occurred in a billing period prior to the introduction of the National Electricity Amendment (Negative inter-regional Settlements residue Amounts) Rule 2009. AEMO is required to recover any residues that occurred prior to this rule. However, it has advised that this rule is no longer required because

the all residues incurred prior to the 2009 rule have already being recovered. On this basis, we support this proposal.

4. Consideration as a non controversial rule change

TRUenergy supports the consideration of this rule change in a non controversial way.

We agree that this matter should be considered to be non controversial on the grounds that it is unlikely to have a significant effect on the NEM, with the request focusing on payment procedures for negative intra regional settlement residues.

C: Conclusion

TRUenergy appreciates the opportunity to comment on this AEMO Rule change proposal.

We thank the AEMC for its consideration of the issues that we have raised in relation to this Rule change.

Overall, we support the intent of this Rule change. Additionally, we support the process that has been applied by AEMO to achieve its objective as part of this rule change.

For any questions regarding this submission, please contact Mr. Con Noutso - Regulatory Manager at TRUenergy on Tel: 03 8628 1240

Regards



Con Noutso
Regulatory Manager
TRUenergy