

Wholesale Advisory Group

Chair's Half Yearly Report to the Electricity Authority Board

July 2012 to December 2012

24 January 2012

Note: This paper has been prepared for the purposes of the Wholesale Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

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1 Introduction

- 1.1.1 The Wholesale Advisory Group (WAG) was established by the Electricity Authority (Authority) in May 2011 to provide independent advice to the Authority on the development of the Electricity Industry Participation Code 2010 (Code) and market facilitation measures.
- 1.1.2 The role of the Group is to investigate, analyse, and make recommendations to the Authority Board (Board) on the matters agreed to it in the WAG's work plan. The scope of WAG advice, as set out in its Terms of Reference¹, is to advise the Board on:
- a) the development of the wholesale electricity market, including the inter-related markets for energy (spot), ancillary services, and risk management contracts such as financial derivatives for energy and location hedges;
 - b) the development of provisions relating to reliable supply (which includes system security, reliability (security) of supply, and power quality), for the long-term benefit of consumers;
 - c) priorities for developing:
 - i) the Code especially in regard to Parts 4, 5, 7, 8, 9, 13, and 14; and
 - ii) market facilitation measures in regard to wholesale markets services; and
 - d) any other relevant policy matters in regard to wholesale markets services.
- 1.1.3 WAG's terms of reference require the Chair to report every six months to the Board on the Group's progress against its work plan. This is WAG's third half yearly report, and it covers WAG's activities for July to December 2012.

2 Membership and meetings held

2.1 New appointments

- 2.1.1 The Authority undertook an Advisory Group appointment process towards the end of the previous WAG reporting period. As a result of this process:
- three existing members were reappointed for a second term (Neal Barclay, John Woods, Stephen Peterson)
 - two new members began their first term on the WAG (Graeme Everett, Scott Harnett)
- 2.1.2 These members were all appointed for a two year term starting on 1 August 2012. They join the other members of the group whose terms have another year to run (refer Table 1 below).

2.2 Resignations

- 2.2.1 Bob Weir of Genesis was also newly appointed to the WAG in August 2012, however, before any meetings were held he resigned from the WAG, citing his departure from Genesis.

2.3 Meetings held

- 2.3.1 WAG has met three times during the six month period covered by this report: on 9 August 2012, 17 October 2012 and 28 November 2012. All meetings were held in Wellington, at the offices of

¹ Extract from the revised WAG Terms of Reference published by the Authority in June 2012, just prior to this reporting period.

the Authority. Table 1 gives details of WAG's membership and members' meeting attendance for the three meetings covered by this report.

Table 1: WAG membership details for 1 July to 31 December 2012

Member	Affiliation	Date and term of appointment		Meeting attendance
James Moulder Chair	Independent	March 2011	2 years	3 of 3
Bruce Rogers Deputy Chair ²	Pricing Manager, Orion New Zealand	May 2011	2 years	3 of 3
Neal Barclay	General Manager Markets and Production, Meridian Energy	May 2011 reappointed August 2012	1 year 2 years	3 of 3
John Carnegie	Manager, Energy, Environment and Infrastructure, Business NZ	May 2011	2 years	2 of 3
Graeme Everett	Energy Manager, Norske Skog Tasman	August 2012	2 years	2 of 3
Scott Harnett	Managing Director, Abacus Consultants	August 2012	2 years	2 of 3
Stephen Peterson	Chief Executive, Simply Energy	May 2011 reappointed August 2012	1 year 2 years	3 of 3
Richard Spearman	Operations Manager, Trustpower	October 2011	2 years	3 of 3
John Woods	General Manager, Wholesale, Contact Energy	May 2011 reappointed August 2012	1 year 2 years	3 of 3

2.3.2 Part of the 28 November 2012 meeting was held jointly with the Retail Advisory Group (RAG). The joint agenda items from that meeting are discussed later in this report:

- responding to the Authority's request for feedback on advisory group terms of reference and charter, and on the Authority's consultation charter (refer section 8); and

² Due to a conflict of interest for the Chair, Bruce Rogers took on the Deputy Chair role for the WAG's Pivotal Pricing Project (refer paragraph 6.1.3).

- considering the RAG proposal for retailer default arrangements, particularly the aspects that have implications for wholesale market prudential security arrangements (refer section 4).

2.3.3 At the invitation of the WAG Chair, representatives from Genesis Energy and Mighty River Power attended the 17 October 2012 meeting to present their respective positions on the Pivotal pricing project (refer section 6.3).

2.3.4 Kevin Small of Transpower attended the 17 October 2012 meeting at the invitation of the WAG Chair as an observer during discussions on the Pivotal pricing project. It is expected that Mr Small will be invited, as appropriate, to further meetings of the WAG where the Pivotal pricing project is to be discussed.

2.4 Interests Register

2.4.1 As required by the Crown Entities Act 2004, the WAG maintains an Interests Register. Members are required to disclose any interests to the Chair, and these are recorded in the register.

3 WAG work plan

3.1.1 In September 2012, the WAG completed two major milestones from its 2011-12 work plan when it submitted its final recommendations to the Authority Board on:

- a) Improving arrangements for wholesale settlement and prudential security (the settlement and prudential security review); and
- b) Improving the availability and accessibility of wholesale market information (the wholesale market information project).

3.1.2 The Chair and nominated WAG representatives, John Woods and Stephen Peterson, attended the 4 September 2012 Board meeting to present the WAG recommendations for each of these projects. Since that time, the WAG has retained a watching brief on the Authority's progress with addressing the recommendations. A brief summary of WAG's recent input on matters relating to these projects is included in this half yearly report.

3.1.3 This half yearly report is the first since the WAG embarked on its 2012-13 work plan which was agreed following discussions and correspondence with the Authority. The agreed 2012-13 work plan comprises three projects:

- a) improving pricing efficiency when a generator is pivotal (the pivotal pricing project);
- b) improving forecast and settlement pricing (the real-time pricing project); and
- c) enabling a national instantaneous reserves market.

Over the reporting period, the WAG has progressed the first two of these.

3.1.4 The WAG's report on its work to date on each of these is set out later in this report. When the 2012-13 work plan was adopted by the WAG, it was decided to start the work year with the pivotal pricing project and the real-time pricing project. The third project, the National instantaneous reserve market (National IR Market), is expected to be initiated early in the second quarter of the current year. The WAG's report on its work to date on the first two of these is set out later in this report.

4 Settlement and prudential security review (SPSR)

4.1 Final recommendations to the Board

- 4.1.1 Early in the period covered by this report, the WAG finalised its recommendations to the Board for this key project in its 2011-12 work plan. The WAG recommended a number of measures to improve settlement and prudential security arrangements. The WAG package of recommendations is included as Appendix A for completeness.
- 4.1.2 The Chair and two WAG members presented the WAG's SPSR recommendations paper to the 4 September 2012 meeting of the Authority Board.

4.2 Progressing WAG's recommendations

- 4.2.1 The WAG understands that the Authority has since established a series of work streams to progress the WAG's recommendations, including in particular:
- Developing proposed Code amendments to give effect to the proposed arrangements; and
 - establishing the Settlement and Prudential Security Technical Group (SPSTG), to provide specialist input on developing proposed Code amendments and other aspects of the implementation phase, if the proposed amendments are approved.
- 4.2.2 The WAG discussed the Authority's establishment of the SPSTG, and the appointment of WAG member Stephen Peterson to that group. The WAG agreed (including Stephen Peterson) that it would not be appropriate for him to refer to discussions the WAG had previously held on issues being considered by the SPSTG, nor to attempt to convey the views of WAG members to the SPSTG.
- 4.2.3 The WAG notes that it was challenging to reach a consensus, but in end this was achieved around a balanced package of measures. The Authority should be mindful that the consensus could unravel if, in progressing the WAG recommendations, some of the basic design elements are altered by the Authority.
- 4.2.4 The WAG would welcome the opportunity for further input should the Authority wish to consider any basic design elements, after any amendments have been made, as the implementation progresses. The WAG requested that the Authority keep it informed of progress on both the settlement and prudential security review, and the wholesale market information project. The WAG asked that any movement away from the WAG's recommendations should be highlighted to enable WAG members to raise concerns.

4.3 WAG input on prudential security issues with retailer default arrangements

- 4.3.1 The RAG is considering arrangements for managing retailer default situations, aspects of which have potential implications for prudential security. In recognition of this inter-relationship, the WAG's 28 November 2012 meeting included a joint WAG/RAG discussion of the issues. The session began with the RAG presenting the main features of the RAG's proposed arrangements for managing retailer default situations, together with the rationale behind the proposal.
- 4.3.2 There was extensive discussion of the associated prudential security issues, particularly the importance of the exit period and exit process for defaulting retailers as these have direct bearing on prudential requirements – the longer the exit process, the greater the funds at risk, and therefore the higher the prudential cover required.

- 4.3.3 The WAG reminded the RAG to factor in the implications on prudential security arrangements when considering options for retailer default arrangements. The WAG is happy to provide further input to the RAG and/or the Authority on these matters if required.

5 Wholesale market information project

- 5.1.1 The start of this reporting period also saw the WAG finalise its recommendations to the Board on wholesale market information, the other key project on its 2011-12 work plan. The WAG considers that its proposed package will enhance the availability and accessibility of wholesale market information, with a focus on the information required for forward price curve evaluation. The WAG package of recommendations is included as Appendix B for completeness.
- 5.1.2 The Chair and two WAG members presented the WAG's wholesale market information recommendations paper to the 4 September 2012 meeting of the Authority Board. Since that time, the WAG has maintained a watching brief on progress with its recommendations, and is pleased to note that:
- some generators (notably Contact Energy and Meridian Energy) have begun voluntarily publishing enhanced thermal fuel quantity and snowpack information;
 - it appears that Genesis Energy and Mighty River Power also intend publishing such information;
 - the Authority has consulted on a Code amendment proposal to enhance the information disclosure regime in clause 13.2 of the Code; and
 - the system operator has indicated its intention to convene a technical group, in the first half of 2013, to review the Planned Outage Co-ordination Protocol (POCP), and that this review will include considering possible enhancements in generation and transmission availability and outage information.

6 Pivotal pricing project

6.1 Introduction

- 6.1.1 A generator is pivotal when some or all of its generation is needed to meet demand in a region, and is net pivotal when these conditions hold, and it has a short term incentive to favour higher spot prices (i.e. it will be a net seller after accounting for hedges, generation, retail sales etc). The Authority considers that some generators have offered and set spot prices at high levels when they have been pivotal in their local area. While high prices are essential in a supply shortage to provide incentives to maintain reliability, they may be detrimental to the market's performance if there is a perception that high prices are caused by generators exploiting a dominant position.
- 6.1.2 The Authority requested the input and advice of the WAG in considering issues associated with pivotal supplier situations. The WAG had an initial discussion on this issue at its meeting in July 2012, and agreed to add this project to its work plan.
- 6.1.3 The Chair advised the Group that he would recuse himself from the pivotal pricing project due to work on this issue he was undertaking for Transpower regarding arrangements for HVDC Pole 3 commissioning. Bruce Rogers was appointed as Deputy Chair for this agenda item at each WAG meeting, with James Moulder assuming the role of an ordinary WAG member. The WAG Terms of

Reference allow appointment of a Deputy Chair in such circumstances. The Chair has recorded the conflict in the Interests Register.

6.2 Establishing the problem definition

6.2.1 The WAG agreed that before considering potential policy responses, it would be useful to focus on establishing the “problem definition”, in particular, addressing three key questions:

- a) What exactly is the problem with respect to the Authority’s statutory objective?
- b) How big is the problem?
- c) Does the Commerce Act 1986 address the problem?

6.2.2 Analysis considered by the WAG indicates that no discernible efficiency losses have been identified that can be directly attributed to recent pivotal supplier situations. The events are still relatively recent, however, and effects would generally be expected to emerge over time. The analysis also considered potential efficiency losses if high spot prices during pivotal supplier situations were to become more common (either at the localised level or on a more widespread basis). It suggested that a wide span of outcomes is possible – varying from little or no efficiency loss through to more sizeable effects.

6.2.3 Consideration of pivotal pricing in the context of the Commerce Act 1986 suggests that that Act is unlikely to be an effective option for addressing pivotal pricing situations in the wholesale market. This is because the Commerce Act 1986 does not deal with the exercise of transient market power.

6.3 Presentations from Genesis Energy and Mighty River Power

6.3.1 The WAG invited representatives of Mighty River Power and Genesis Energy to attend the 17 October 2012 meeting to set out their views on the issues and participate in an open discussion session.

6.3.2 Genesis’s key points included the following:

- the project’s focus should be on inefficiency not competition effects
- any case for regulatory intervention must be carefully considered, with any regulatory solutions formulated to fix a specific problem; the case for intervention rests on long run effects not transient market power
- the Authority should regulate only if the benefit of intervention significantly outweighs the cost.

6.3.3 Genesis engaged Castalia Strategic Advisors to undertake an analysis of the market to establish the frequency and extent of pivotal pricing situations in New Zealand. Castalia’s analysis concluded that:

- there is no market-wide pivotal influence in the North Island
- that there is greater potential for pivotal influence in the South Island
- there is no systematic correlation between pivotal events and high price events, and this indicates that high price events are due to transient influences

6.3.4 Mighty River Power’s key points included the following:

- the project’s focus should be on end-users’ perspective

- a likely response to pivotal pricing events is shrinking retail coverage and weaker competition - this is happening now
- behaviour standards have weakened over the years; the Code has no required standard of behaviour on participants in relation to trading; by contrast, the former NZEM required 'high standards of trading conduct', and that participants should 'observe high standards of integrity and fair dealing' etc
- the WAG project needs to capture important developments in other jurisdictions, including in Europe³ and the US⁴.

6.4 Preparation of WAG discussion paper

6.4.1 Following consideration of several papers prepared by the Secretariat, and the views expressed by Genesis and Mighty River Power, the WAG directed the Secretariat to start work on a discussion paper.

6.4.2 At its 28 November 2012 meeting, the WAG considered a preliminary draft discussion paper. At the meeting, the WAG asked the Secretariat to include the following in the next draft:

- split the problem definition into two categories – local pivotal events such as those described in the Market Performance Report that sparked the review, and pivotal situations that occur over a wider geographic area
- include further analysis on the extent to which pivotal supplier issues at the wider geographic level (noting the Castalia analysis provided by Genesis Energy used assumptions that might tend to underestimate the potential incidence)
- flesh out the discussion of possible options – including the status quo (noting a number of pro-competitive initiatives are underway), market conduct provisions along lines of NZEM, targeted price/offer mitigation, changes to transmission outage arrangements and improved incentives on the grid owner.

6.4.3 The WAG will consider a revised draft discussion paper at its meeting on 31 January 2013. This version will be a complete paper and the group is on track to finalise and release it in the second quarter of 2013. Following its consideration of submissions received, the WAG will formulate its recommendations to the Authority early in the third quarter of 2013.

7 Real-time pricing project

7.1 Introduction

7.1.1 Wholesale market participants receive a series of spot price 'forecasts' over different time horizons. These guide participants about the expected financial consequences of their actions. Actual payments between purchasers and suppliers are based on settlement prices calculated after real time, and these can differ markedly from forecast prices, especially during periods of tight supply. This may inhibit voluntary demand response.

³ The Agency for Cooperation of Energy Regulators (ACER) have been implementing the Regulation on Energy Market Integrity and Transparency (REMIT)

⁴ The Federal Energy Regulatory Commission (FERC) has been promoting its "Market Behaviour Rules" and the Dodd-Frank Act potentially aligns the Commodity Futures Trading Commission (CFTC) anti-manipulation approach with FERC's rules.

7.1.2 The Authority has requested advice from the WAG on the feasibility, costs, and benefits of measures to improve forecast and settlement pricing. The WAG agreed to add this matter, the real time pricing project, on its work plan for initial investigation.

7.2 Initial investigations

7.2.1 The WAG began by undertaking some initial investigations, focussing on the following in particular:

- a) What is the broad problem? – a description of the issues of concern with current arrangements;
- b) What are the potential options? – a range of high level options for addressing the problems in relation to forecast and settlement pricing;
- c) How might feasibility of options should be assessed? – the broad issues that would need to be addressed to more closely align forecast and settlement prices, and how feasibility can be assessed; and
- d) How should benefits and costs be assessed? –the nature of the benefits and costs that would be expected to arise under different options, and possible approaches for quantifying these items.

7.2.2 As part of these initial investigations, the WAG has also considered previous initiatives undertaken by the Authority and its predecessors in this area, analysis of relevant recent events, and the approaches adopted in relevant international jurisdictions.

7.3 Next steps

7.3.1 The WAG is now working toward an evaluation of the benefits of a variety of options. In particular, the relative costs and benefits will be compared to the status quo. If WAG considers that one or more options are worth for the Authority to pursue further, a WAG discussion paper will be prepared for public release in the second quarter of 2013. A draft discussion paper is to be provided for the next meeting of the WAG, on 31 January 2013.

8 Other WAG activities

8.1.1 At the request of the Authority, the WAG provided input to the Authority's review of advisory group terms of reference and charter, and of its Consultation Charter. The WAG discussed these matters at its 28 November 2012 meeting, in a session held jointly with the RAG.

8.1.2 Issues the members of the WAG and the RAG raised and discussed in relation to the Authority's review of advisory group terms of reference and charter included:

- the challenge of ensuring the projects set by the Authority for advisory groups are sufficiently important and challenging
- the role and number of Authority staff attending advisory group meetings
- the potential for the review to be an expensive box-ticking exercise, and
- the pros and cons of publishing meeting papers before or after the advisory group meetings.

8.1.3 In relation to the Authority's review of its Consultation Charter, members of the two advisory groups raised and discussed the pros and cons of:

- extending the default period for consultation
- the Authority's use of workshops and conferences on specific proposals.

9 Comment on overall performance of the WAG and the Secretariat

9.1 Chairman Commentary

- 9.1.1 The past six months has carried on the strong momentum of the previous six month period. The introduction of new WAG members has also been achieved relatively seamlessly – which has been pleasing.
- 9.1.2 The significant efforts of Wholesale Advisory Group (WAG) in the completion of design work for improvements to the markets prudential security regime is a material milestone for both the WAG and the market reform process. It has been beneficial to the implementation of the WAG's recommendations for the Group to continue to have an exception based oversight role over the efforts of the Prudential Security Technical Group. This integrated approach to the management of implementation should continue to be utilised on future WAG / Advisory Group initiatives.
- 9.1.3 One area that does need greater effort is the interaction of the various Chairs of the WAG and the Retail Advisory Group (RAG) as many of the work plan elements have overlapping components.
- 9.1.4 The market information improvements also present a step forward for the wholesale market. The leadership of both Meridian Energy and Contact Energy in achieving progress in respect of fuels information has been vital.
- 9.1.5 The future elements of the work programme are as challenging as the WAG programme to date. The group is well positioned to deal with the complexity of the tasks in front of it and the very high level support provided by the secretariat will continue to be a key determinant of success for WAG going forward.
- 9.1.6 As I am not seeking another term as Chairman of the WAG I would like to take this opportunity to thank the wider Electricity Authority team for their professionalism and commitment to engaging with advisory groups and to wish them well for the future development of the wholesale market.

James Moulder
January 2013

Appendix A Settlement and prudential security review recommendations

A.1 The WAG presented its Settlement and prudential security review recommendations paper to the 4 September 2012 meeting of the Authority Board. The WAG recommended a number of measures to improve the efficiency of the prudential security methodology and mechanisms. These measures will have the side effect of improving the overall level of prudential security. These measures will also establish a firm foundation for future development of prudential security and settlement arrangements, including the possibility of further improving the overall level of prudential security.

A.2 The WAG recommended the following package of measures:

- (a) **weekly settlement:** Settlement should move to a weekly cycle, immediately following the billing week. Settlement would be on the basis of estimated quantities.
- (b) **prudential security cover:** A purchaser's required prudential security should be changed to cover the following components:
 - (i) outstandings: that is, the amount the purchaser already owes for the electricity it has used, or which its customers have used; and
 - (ii) an estimate of expected accruals out to the end of the next settlement day; and
 - (iii) an 'initial margin' to cover the liability expected to accrue during the exit of a defaulting purchaser (see further below).
- (c) **frequency of assessing prudential security positions:** The clearing manager currently assesses each purchaser's prudential position weekly. The WAG understands that the clearing manager intends to move to daily assessments by the time financial transmission rights (FTRs) are introduced. The WAG supports that move, and regards daily prudential assessments as an important part of the package recommended in this paper.
- (d) **setting the initial margin:** The initial margin would be set to cover the liability expected to accrue during the exit of a defaulting purchaser. The initial margin would be calculated as the product of:
 - (i) the time over which it is considered likely that a defaulting participant could be exited from the market, measured in days;
 - (ii) the daily quantities expected to apply during that period; and
 - (iii) the price (plus an adder) expected to apply during that period.

A key concept is that the initial margin should include an "adder". Without an "adder" the initial margin based only on the expected cost of energy over the exit period would provide a PLGD of around 50%. The current prudential assessment system forecasts expected participant purchase costs, and consequently has a PLGD of around 50%. By including an "adder", a target range is set for the PLGD of less than 50%. The WAG recommends a PLGD target of around 26%, a target drawn from Option 3 of the SPSR discussion paper. The WAG also recommended that this be achieved through an "adder" applied to the ASX futures price based estimation of the initial margin. This would provide an incremental move towards a lower PLGD. The Authority considers it is likely that a defaulting participant could be exited from the market within 21 days (3 weeks). If that estimate changes, the length of

time used for calculating the initial margin should also change. The prices used to determine the initial margin should be set quarterly, one month in advance of each quarter⁵.

- (e) **flexibility regarding initial margin:** The initial margin referred to in subparagraph (d) is calculated using a period of 21 days. It is considered likely that a defaulting participant would be exited from the market within that timeframe. The initial margin should be calculated using a lesser time period for any participants that:
 - (i) make a binding contractual commitment to exit the market within a number of days that is less than 21 days; or
 - (ii) commit to satisfy any prudential calls in less than 3 business days (the current standard).
- (f) **more flexible Hedge Settlement Agreements (HSAs):** The clearing manager should make the necessary changes to allow HSAs written over bilateral cap contracts to be recognised for prudential security purposes. The clearing manager should also be able to accept as prudential security any amount in futures margin accounts, provided appropriate legal arrangements are in place to enable the clearing manager to have priority access to those funds in the event of a purchaser default. The WAG notes that purchasers who wish to lodge HSAs written over bilateral financial contracts should discuss this issue with the counterparty during the negotiations for the underlying financial contract. The Authority should educate hedge buyers to make them aware of this issue.
- (g) **partial net settlement:** At present, settlement is performed on a gross basis so that parties pay for their purchases in full, and then receive their generation revenue. The WAG recommends that invoices be issued on a partial net basis so that generation revenues are netted off purchases up to the party's pro-rata share of the largest single potential net default.
- (h) **settlement from prudential cash:** If a party maintains prudential security in the form of a cash deposit with the clearing manager, the party should be allowed to instruct the clearing manager to use the prudential cash deposit for settlement, provided that the party always retains a sufficiently high level of prudential security.
- (i) **settlement timing:** The time by which payers are required to pay on settlement day should be changed from 2pm to the morning of settlement day to provide more time to resolve any transactional issues.
- (j) **new participant class to facilitate use of HSAs:** A 'settlement class participant' should be introduced to allow parties (such as banks) to act as HSA counterparties without attracting other obligations under the Code which could deter them from that participation (e.g. disclosure obligations).
- (k) **legal risks associated with insolvency:** Settlement and prudential systems should aim, as far as it is possible, to protect the clearing manager's priority access to settlement funds and to assets provided as prudential security. This should include protecting the clearing manager's right to:

⁵ Appendix A of the WAG recommendations paper sets out further details of the WAG's recommendations for the calculation of the initial margin. Appendix B of that paper provides a diagrammatic illustration of the three components of the required prudential security level (outstandings, forecast exposure out to the next settlement day and the initial margin).

- (i) retain settlement funds already received by the clearing manager (which in general will already have been distributed to generators);
- (ii) set-off unpaid amounts owed by a participant against amounts the clearing manager owes to that participant; and
- (iii) priority access to funds/assets (e.g. cash deposits, guarantees) held as prudential security in respect of a defaulting participant. Risks associated with “claw back” should be minimised. Arrangements should recognise the existing law relating to insolvency. They should also recognise the length of time it could take for a participant to cease accruing liabilities to the clearing manager after insolvency (the exit period), and the legal risks associated with that timeframe.

Appendix B Wholesale market information project recommendations

- B.1 The WAG presented its Wholesale market information recommendations paper to the 4 September 2012 meeting of the Authority Board. The WAG considers that its proposed package will enhance the availability and accessibility of wholesale market information, with a focus on the information required for forward price curve evaluation.
- B.2 The WAG:
- (a) recommended that the Authority pursue the WAG's proposed amendments (attached as Appendix A of the WAG recommendations paper) to the existing disclosure regime in the Code (clause 13.2) that clarify certain aspects of the obligations, scope and exclusions;
 - (b) recommended that the Authority pursue a "facilitated disclosure" approach to enhancing the availability and accessibility of thermal fuel quantity information and snowpack information, and review the effectiveness of the arrangement after 12 months of operation;
 - (c) concluded that a case could not be made for including thermal fuel price information in the facilitated disclosure arrangement, largely as a result of the commercially sensitive nature of pricing information;
 - (d) recommended that the Authority should initiate with Transpower a review of the Planned Outage Co-ordination Protocol (POCP), and the associated Red Spider database of outage information, with a view to enhancing information on transmission and generation availability and outages that is of relevance to forward price curve evaluation and security of supply;
 - (e) recommended that the Authority review contractual arrangements for access to WITS, the Wholesale Information and Trading System, (and possibly other information systems such as EM6 which draw on wholesale market data), to ensure the use of system agreements are not unduly limiting access to pricing and generation data;
 - (f) concluded that the Authority's stress-testing regime is sufficiently comprehensive as to not require any further steps to enhance information on the market's contract cover; and
 - (g) concluded that no case could be made for the Authority pursuing enhancements in the other areas explored by the WAG, notably ASX contract trading prices and hydro/climate outlook information.