

Appendix B Proposed Code amendment

Proposed amendments to the Code are displayed as follows:

- text or formatting is **red underlined** if it is to be added to the existing Code as part of the amendment
- text or formatting is shown in **red strikethrough** if it is to be deleted from the existing Code as part of the amendment.

Electricity Industry Participation Code 2010

Part 14 Clearing and settlement

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14.16 Calculation of loss and constraint excess

- (1) A **loss and constraint excess** accrues for a **billing period** when the total of the amounts owing by the **clearing manager** to **generators** for that **billing period** for the **electricity** sold and purchased in accordance with clause 14.3 is less than the total amount owing to the **clearing manager** for that **billing period** for the **electricity** sold and purchased in accordance with clause 14.6.
- (2) The **FTR clearing manager** must—
 - (a) determine the amount of **loss and constraint excess** for a billing period that must be applied to the settlement of FTRs in accordance with Schedule 14.3; and
 - (b) ~~advise the clearing manager of that amount~~ no later than—
 - (a)(i) 1600 hours on the 7th 9th business day of the month following the **relevant billing period**; or
 - (b)(ii) if **publication of final prices** is delayed for any **trading period** in the **relevant billing period**, so that **final prices** for a **trading period** in the **billing period** are **published** later than 1600 hours on the 6th 9th business day of the month following the **relevant billing period**, 1 **business day** after all **final prices** for the **billing period** are **published**; or
 - (c) 1600 hours on the 18th business day following the relevant billing period or otherwise as soon as practicable in the case of a volume dispute which requires the clearing manager to recalculate the amount of loss and constraint excess.
- (3) ~~Each grid owner and the system operator must provide information to the FTR manager in accordance with Schedule 14.3.~~
- (4) Subject to subpart 8, the **clearing manager** must apply all of the loss and constraint excess amount determined advised under subclause (2) to the settlement of **FTRs** that relate to the billing period.
- (5) ~~Subject to subpart 8, if the amount that the FTR manager advises the clearing manager under subclause (2) exceeds the amount of the loss and constraint excess for the billing period, the clearing manager must apply all of the loss and constraint excess to the settlement of FTRs.~~
- (6) If there is more than one grid owner—
 - (a) ~~The~~ **Authority** must advise the **clearing manager** of any the proportion of the loss and constraint excess and residual loss and constraint excess that may be owing for a billing period to each **grid owner**; and
 - (b) the clearing manager must calculate the proportion of the residual loss and constraint excess that each grid owner will receive and pay that amount to each grid owner.
- (7) If there is only one grid owner, the clearing manager owes that grid owner the full amount of any residual loss and constraint excess in respect of a billing period. Unless the Authority has directed otherwise under this clause, the amount owing to each grid owner in the proportions advised under subclause (6) is—

- ~~(a) —the amount of any **loss and constraint excess** less the amount to be applied to the settlement of **FTRs** under subclause (4) or (5); and~~
~~(b) —the amount of any **residual loss and constraint excess**.~~

14.17 Amounts owing for FTRs

- (1) The **clearing manager** must calculate, for each **billing period**, the amount owing—
 - (a) by a **participant** to the **clearing manager** in respect of each **FTR** for which the **participant** is registered as the holder of the **FTR**; and
 - (b) by the **clearing manager** to a **participant** in respect of each **FTR** for which the **participant** is registered as the holder of the **FTR**; and
 - (c) by a **participant** to the **clearing manager** in respect of the assignment of an **FTR** under clause 13.249(4); and
 - (d) by the **clearing manager** to a **participant** in respect of the assignment of an **FTR** under clause 13.249(7).
- (2) The amount owing by a **participant** to the **clearing manager** in respect of an **FTR** is the net amount of the **FTR acquisition cost** for the **FTR** minus the **FTR hedge value** for the **FTR**, if that net amount is positive.
- (3) The amount owing by the **clearing manager** to a **participant** in respect of an **FTR** is the net amount of the **FTR hedge value** for the **FTR** minus the **FTR acquisition cost** for the **FTR**, if that net amount is positive.
- (4) The **clearing manager** must **publish**, for each **billing period**,—
 - (a) the amount owing by a **participant** to the **clearing manager** for each **FTR**; and
 - (b) the amount owing by the **clearing manager** to a **participant** for each **FTR**.
- (5) Subclause (6) applies if, in respect of a **billing period**, the total amount to be advised as owing by the **clearing manager** under paragraphs (b) and (d) of subclause (1) exceeds the sum of the following amounts:
 - (a) the total amount to be advised as owing to the **clearing manager** under subclause (1)(a);
 - (b) any amount available under clause 13.249(6) for the settlement of **FTRs** in the **billing period**;
 - (c) the amount of the **loss and constraint excess** to be applied to the settlement of **FTRs** under clause 14.16(4) ~~or (5)~~;
- (6) The **clearing manager** must, in calculating the amount owing in respect of each **FTR** under paragraph (a) or (b) of subclause (1), use an amended **FTR hedge value** scaled according to the formula specified in Schedule 14.1.

14.20 Amounts owing by clearing manager to participant

- (1) When advising a **participant** of amounts owing under clause 14.18(1)(b), the **clearing manager** must specify any amount owing by the **clearing manager** to the **participant** for—
 - (a) the relevant **billing period**, to the extent that the **clearing manager** has received the necessary information; and
 - (b) any prior **billing period** if the **clearing manager** receives the necessary information for that **billing period** after the date that amounts owing for that **billing period** were required to be advised by the **clearing manager**.
- (2) The **clearing manager** must specify any amount owing by the **clearing manager** to the **participant** in respect of the periods referred to in subclause (1) for the following:
 - (a) **electricity** sold under clauses 14.2 to 14.7;
 - (b) **constrained off compensation** under clause 13.201A;
 - (c) **constrained on compensation** under clause 13.212;
 - (d) a **washup** amount and any interest on that amount under subpart 6;
 - (e) **auction revenue** under clause 13.112;
 - (f) **ancillary services** under clause 8.55(a);
 - (fa) *[Revoked]*

- (g) payment of an amount under any **hedge settlement agreement**:
- (h) for each **FTR** in respect of which the **participant** is registered as the holder of the **FTR**, the net amount of the **FTR hedge value** for the **FTR** minus the **FTR acquisition cost** for the **FTR**, if that net amount is positive:
- (i) any amount owing in respect of the assignment of any **FTR** under clause 13.249(7):
- (j) **GST**:
- (k) ~~any amount payable under clause 14.16(4): loss and constraint excess and~~
- (l) ~~any residual loss and constraint excess~~ under clause 14.16(6) or (7).

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14.39 Washups for grid owners

If a **washup** has occurred due to incorrect **consumption information** being used to determine amounts owing in accordance with subpart 4 that affects **grid owners**, the **clearing manager** must credit or debit a **washup** amount to or from each **grid owner** as follows:

- (a) if a **grid owner's washup** amount is a credit, the **clearing manager** must add the credit to any amount owing to the **grid owner** in accordance with 14.16(6) or (7) in respect of the current **billing period**:
- (b) if a **grid owner's washup** amount is a debit, the **clearing manager** must subtract the debit from any amount owing to the **grid owner** in accordance with 14.16(6) or (7) in respect of the current **billing period**:
- (c) if the **washup** amount is greater than the amount owing, the **clearing manager** must advise the **grid owner** of any amount owing for the **washup** amount concurrently with advising **participants** of any amount owing under clause 14.18, and payment of the **washup** amount must be made by the **grid owner** by the time for payment set out in clause 14.31:
- (d) daily interest (less any deduction for resident withholding tax) on the **washup** amount, calculated at the **bank bill bid rate**, must be debited or credited (as the case may be) to the amount owing to the **grid owner** in accordance with clause 14.16(6) or (7), and accrues from the date that payment based on the incorrect information to which the **washup** relates was made until the date of advice in accordance with clause 14.18 resulting in the **grid owner's washup** amount, and must be compounded at the end of each calendar month.

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14.56 Calculation of revised amount owing for general amounts

- (1) The **clearing manager** must apply any amount available for the settlement of general amounts in accordance with the following order of priority:
 - (a) to satisfy any liability to pay **GST** and other governmental charges or levies, that are payable by the **clearing manager** in respect of the amounts owing and payable under subparts 4 to 6, taking into account any **GST** input tax credits available to the **clearing manager** in respect of payments under paragraphs (b) to (e):
 - (ab) *[Revoked]*
 - (b) to satisfy any amounts owing to the **system operator** for **ancillary services** under clauses 8.6, 8.31(1)(a), and 8.55 to 8.67:
 - (i) the **system operator** for **ancillary services** under clauses 8.6, 8.31(1)(a), and 8.55 to 8.67:
 - (ii) an **extended reserve provider** for **extended reserve** under clauses 8.55(2) and 8.68(4):
 - (c) to satisfy any amount of **loss and constraint excess** to be applied to the settlement of **FTRs** under clause 14.16(4) ~~or (5)~~:
 - (d) to satisfy any amount owing to each **grid owner** for any **residual loss and constraint excess** in accordance with clause 14.16(6) or (7) ~~(a)~~:
 - (e) to satisfy any other general amount owing by the **clearing manager** to a **participant**.

(2) If there is an insufficient amount available for the settlement of general amounts, the **clearing manager** must calculate the revised amounts owing by the **clearing manager** to **participants** in respect of general amounts as follows:

- (a) first apply the full amount available to satisfy each amount owing in the order of priorities in subclause (1):
- (b) if there is an insufficient amount to satisfy the full amount owing under any of paragraphs (a) to (e) of subclause (1), calculate the revised amount owing to each **participant** under that paragraph according to the following formula:

$$AO_{CM (revised)} = AO_{CM (general)} \times (A_{general}/R_{general})$$

where

$AO_{CM (revised)}$ is the revised amount owing by the **clearing manager** to the **participant** in respect of the general amounts

$AO_{CM (general)}$ is the amount owing by the **clearing manager** to the **participant** in respect of that **billing period** under the relevant paragraph in subclause (1)

$A_{general}$ is the total amount available for the settlement of amounts owing by the **clearing manager** in the relevant **billing period** under the relevant paragraph in subclause (1)

$R_{general}$ is the sum of all amounts required to settle those amounts in respect of the **billing period**

14.57 Calculation of revised amount owing for FTR amounts

(1) The **clearing manager** must apply any amount available for the settlement of **FTRs** in accordance with the following order of priority:

- (a) to satisfy any amount owing to a **participant** in respect of **FTRs**:
- (b) to satisfy any amount owing to each **grid owner** for any **residual loss and constraint excess** under clause 14.16(6) or (7)(b).

(2) If there is an insufficient amount available for the settlement of **FTRs**, the **clearing manager** must calculate the revised amount owing in respect of **FTRs** as follows:

- (a) first apply the amount available for the settlement of **FTRs** in the relevant **billing period** to satisfy each amount owing to a **participant** in respect of an **FTR**:
- (b) if there is an amount remaining for the settlement of **FTRs** in the relevant **billing period** after the **clearing manager** has satisfied each amount owing to a **participant** in respect of an **FTR**, the **clearing manager** must allocate that amount to each **grid owner** under clause 14.16(6) or (7)(b):
- (c) if there is an insufficient amount to satisfy each amount owing under paragraph (a), the **clearing manager** must adjust each amount owing to a **participant** in respect of an **FTR** according to the following formula:

$$AO_{CM (revised)} = AO_{CM (FTRs)} * (C_{FTR}/FTR_{required})$$

where

$AO_{CM (revised)}$ is the revised amount owing by the **clearing manager** to the **participant** in respect of **FTRs**

$AO_{CM (FTRs)}$ is the amount advised to the **participant** under clause 14.20 as being owing to the **participant** in respect of that **billing period** in respect of an amount specified in clause 14.20(2)(h) or (i)

C_{FTR} is the total amount available for the settlement of **FTRs** in the relevant **billing period**

$FTR_{required}$ is the sum of all amounts required to settle **FTRs** in respect of the **billing period**