

Energy Margin Reporting Frequently Asked Questions

Financial Year

What is the financial year?

For the purposes of this notice we consider the financial year to be the year ending June 30.

Generation Revenue

Should generation revenue reflect revenue received from the clearing manager?

Yes, generation revenue (EM2) should reflect revenue received from the clearing manager for assets owned or operated by the participant.

Should embedded generation be included?

Yes, embedded generation that is sold to the clearing manager should be included.

Generation Costs

What costs should be included in Generation Costs? Do these include Power purchase agreement (PPA) costs?

Generation costs (EM5) are intended to capture the fuel costs associated with operating generation assets. This includes:

- Fuel purchase costs.
- Fuel storage costs.
- Fuel transportation.
- Carbon costs, if not already accounted for in fuel purchase costs.

Costs associated with PPAs should not be included in generation costs (EM5) (see Hedges and Contractual Arrangements).

Ancillary Market Revenue

Ancillary service invoices are received monthly. Can monthly revenue be allocated evenly across reporting weeks?

Yes. Where more granular information is unavailable, monthly ancillary revenue and costs may be apportioned evenly across the relevant reporting weeks.

Net Sales Revenue

Should net sales revenue be reported on a wholesale business basis or an enterprise basis?

Net sales revenue (EM4) should be reported at the enterprise level. For mass market customers, revenue should reflect revenue received from customers rather than internal transfer pricing arrangements.

How should Commercial and Industrial (C&I) spot price contracts be reported?

The purchase from the spot market and corresponding sale to the C&I customer at the spot price would be reported in spot electricity costs (EM6). In practice these will cancel each other out and therefore can be excluded from reporting. Any additional fee or margin charged to the C&I customer should be reported in net sales revenue (EM4).

Hedges and Contractual Arrangements

How should Contracts for Difference (CFDs) and ASX hedge contracts be reported?

The fixed-price component should be reported in net sales revenue (EM4). Any residual spot-price costs or revenues should be reported as spot electricity costs (EM6).

How should Power Purchase Agreements (PPAs) be treated where a participant does not own a generation asset (for example, a wind farm) but receives spot market revenue and pays a fixed contractual amount?

Revenue received from the clearing manager should be reported in generation revenue (EM2). The fixed-cost paid under the PPA should be included as a negative component in net sales revenue (EM4).

How should Financial Transmission Rights (FTRs) be reported?

FTRs should be treated consistently with other hedge instruments purchased:

- The fixed-price component should be reported in net sales revenue (EM4), eg, negative for option FTRs.
- The spot-price component should be reported in spot electricity costs (EM6), eg, negative for option FTRs.

Should trades undertaken for financial risk management purposes (rather than portfolio management) be included?

Yes. All trades should be included, regardless of whether they are undertaken for portfolio management or financial risk-management purposes.

Market-Making Costs

Should clearing and brokerage fees be included in market-making costs?

Yes. Clearing and brokerage fees should be included where the underlying trades were undertaken for market-making purposes.

Battery Energy Storage Systems

How should Battery Energy Storage System (BESS) charging costs be reported?

BESS charging costs should be reported as spot electricity costs (EM6) rather than generation costs (EM5).