

**From:** Saki Hannah  
**Sent:** Wednesday, 28 February 2024 10:21 am  
**To:** s9(2)(a); Grant Benvenuti  
**Subject:** RE: UTS Considerations from the Clearing Manager

I'll defer to GB on that one.  
May be a topic for your 'working lunch' today.

Don't think we need to copy Matt in on this correspondence.  
Just wanted to confirm to him that we were talking to you / NZX & getting on with planning for this.

Cheers,  
Saki

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**From:** s9(2)(a)@nzx.com>  
**Sent:** Wednesday, February 28, 2024 8:55 AM  
**To:** Saki Hannah s9(2)(a); Grant Benvenuti s9(2)(a)  
**Cc:** Matt Carnihan s9(2)(a) >  
**Subject:** RE: UTS Considerations from the Clearing Manager

Thanks Saki. My feeling is we should use R14 and although the volume is washed up, the invoicing still isn't so it changes nothing in terms of interest. Grant may have a different view....

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**From:** Saki Hannah s9(2)(a)  
**Sent:** Wednesday, February 28, 2024 8:46 AM  
**To:** s9(2)(a)nzx.com>; grant.benvenuti s9(2)(a)  
**Cc:** Matt Carnihan s9(2)(a)  
**Subject:** RE: UTS Considerations from the Clearing Manager

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Hi s9(2)(a) [Hi Matt – this just FYI]  
I would need to have a look at this but suspect Grant will have a view on approach given my understanding of some similar challenges in 2019 UTS.

Cheers,  
Saki

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**From:** s9(2)(a)@nzx.com>  
**Sent:** Wednesday, February 28, 2024 8:09 AM  
**To:** Saki Hannah <s9(2)(a)>  
**Subject:** RE: UTS Considerations from the Clearing Manager

Hi Saki

A conversation in a meeting raised another point to add to the list below for consideration. Volume.

As you know the 6 trading period prices were held as interim in Aug 2021 resulting in no electricity settlement across them. Each of the trading periods had a volume per tp per participant. As per normal process, this volume has been washed up 4 times with each revision across months 1, 3, 7 and 14 15.27(1)(a). Which revision of volume should we use? R14 would be the sensible option as participants have had an opportunity to correct their volume submissions, however does this make what we're doing a washup and so incurs interest?

Interested in your views here.

s9(2)(a)

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**From:** s9(2)(a)  
**Sent:** Tuesday, February 20, 2024 1:12 PM  
**To:** Saki.Hannah <s9(2)(a)>  
**Cc:** s9(2)(a) @nzx.com; s9(2)(a) @nzx.com; s9(2)(a) @nzx.com  
**Subject:** UTS Considerations from the Clearing Manager

Hi Saki

As discussed on Monday, should the Authority instruct NZX as the clearing manager to finalise interim (not scarcity or virtual) pricing across trading periods 36 – 42 from August 9 2021, we would need to consider the following.

- 1) The clearing manager can finalise the six trading periods and publish on WITS at short notice. Any prior indication would be appreciated, but this can be achieved relatively easily.
- 2) The clearing manager will need to settle the above trading periods across billing elements such as wholesale electricity, Hedge Settlement Agreements, Con on/off and Ancillary services. The full FTR settlement will need to take place which was unable to be processed earlier without a complete month data set.
- 3) As we have held the FTR settlement we have held approximately \$13mil in Loss and Constraints Excess funds required to settle the FTR market. This has earned over \$1.3mil in interest over this period and there is no direction how to distribute these funds. The Authority will need to provide direction for this – potentially FTR participants, Grid Owner and Distributors.
- 4) NZX has all of the data required to finalise interim pricing. Assuming the direction is to finalise interim pricing, we do not need any additional access to any of the pricing manager or system operator software outside of what we already have. However, we will need data from external sources (System Operator, FTR manager and Grid Owner) to process the full settlement and so I would suggest that NZX, the FTR manager, EMS and the SO meet to discuss the process, time frame and outcomes - as per Murray's email in December attached. I'd be happy to arrange if you wish?
- 5) To achieve the above the clearing manager will need to perform manual development adjustments. In the past I have floated an up to a 3 month requirement to be able to accurately settle this, this is still the preference.
  - a. Manually removing washup interest from the electricity settlement. CHASM treats this as a washup and so will need to be removed as we have intimated that interest does not

apply as is not technically a washup. Does this need to be communicated to the market?

- b. Calculating Con on and Off payments considering trading period pricing from before and after the six in question
  - c. Calculating Ancillary Services from revised data sent via EMS.
  - d. Manually calculating and validating HSA settlement amounts.
  - e. Simulate an event of default and a scaling event should the situation arise. Lesson learnt from the Dec 2019 UTS, we need to ensure we are equipped to manage this event.
  - f. WITS will need to manually publish finalised prices approximately 24 hours after finalisation. We will likely publish prices for the entire day of 9 Aug 2021 rather than just the impacted trading periods. This can be achieved short term with minimal
  - g. Similar to the Dec 2019 UTS we would need to raise a change request to cover this non routine process. There is less complexity in this resolution, however for the December UTS the Authority issues a set of requirements and requested an audit of the process. Will this be the same?
- 6) From a development perspective, this will need to be prioritised over the work currently being performed via CM-CR93 – Distribution of Interest by the Clearing Manager which was prompted by CRP05-17. In turn this will mean we will be likely be unable to comply with Code instruction 13.34A (3)(b) to distribute residual funds to the market in March / April. We may need an exemption.

Happy to discuss any of these points with you Saki, or with the other parties.

Thanks

s9(2)(a)

[Redacted]  
[Redacted]  
[Redacted]

Level 1, NZX Centre, 11 Cable Street, Wellington 6011  
PO Box 2959, Wellington 6140, New Zealand

s9(2)(a)

[Redacted]  
[Redacted]



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