

AUCTION REPORT 2010-1

PREPARED BY: Settlement Residue Committee

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FINAL

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1 Introduction

Section 3.18 of the National Electricity Rules (the Rules) authorises AEMO to conduct Settlement Residue Auctions.

Clause 3.18.5 requires AEMO to establish a Settlement Residue Committee (SRC). One function of the SRC is to report on the auctions conducted by AEMO (clause 3.18.5(b)(3)).

The purpose of this document is to report on the auctions conducted by AEMO on the 15th March 2010 and also to report on the distribution of residues for Quarter 1, 2010.

It should be noted that all prices quoted in this report are exclusive of GST.

2 Participation

To be eligible as an Auction Participant, Market Customers, Generators and Traders, must enter into an Auction Participation Agreement (APA) with AEMO.

Prior to these auctions, thirty four (34) Auction Participation Agreement holders were able to bid at the Auctions. Nineteen (19) Participants lodged bids and all but one (1) Participant were successful in winning at least one unit.

3 Auction Conducted

AEMO conducted a single auction covering the next four quarters on 15th March 2010. The table below indicates the respective tranche portions:

Date	Portion of available residue	Period (year/quarter)
15 March 2010	25%	2010/2
	25%	2010/3
	25%	2010/4
	25%	2011/1

- April – June 2010 (2010/2) 100% of the available residue on all directional interconnectors has been auctioned.
- July – September 2010 (2010/3) 75% of the available residue on all directional interconnectors has been auctioned.
- October – December 2010 (2010/4) 50% of the available residue on all directional interconnectors has been auctioned.
- January – March 2011 (2011/1) 25% of the available residue on all directional interconnectors has been auctioned.

4 Auction Results

This section of the report details the public results for the auction conducted on 15th March 2010 for the relevant quarters.

The first four sub-sections of this section illustrate the public results for each of the relevant quarters for which auctions have been conducted. The final sub-section indicates in graphical form the performance of the clearing price.

4.1 April – June 2010

All of the tranches for this quarter have been completed for all unit categories.

Table 4.1 indicates the clearing prices for each tranche for each directional interconnector.

Bold typeface indicates the results for the 15th March 2010 Auction.

The purchase payments for this quarter are \$16.32M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	Total
Clearing Price T1 (per Unit)	\$500.00	\$6,400.00	\$2,415.00	\$300.00	\$755.50	\$2,900.00	
Clearing Price T2 (per Unit)	\$700.00	\$6,500.00	\$3,401.00	\$600.00	\$703.21	\$3,504.00	
Clearing Price T3 (per Unit)	\$662.00	\$6,123.00	\$3,501.00	\$752.00	\$1,201.00	\$4,500.00	
Clearing Price T4 (per Unit)	\$595.00	\$6,004.00	\$4,850.00	\$577.07	\$800.00	\$3,869.68	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	550	1,200	400	700	1,300	1,500	
Purchase Payments	\$337,799.00	\$7,508,100.00	\$1,416,700.00	\$390,087.25	\$1,124,405.75	\$5,540,130.00	\$16,317,222.00

Table 4.1 – Auction Results – April to June 2010 (Q2)

4.2 July – September 2010

The third of four tranches for this quarter have been completed for all unit categories.

Table 4.2 indicates the clearing prices for each tranche for each directional interconnector.

Bold typeface indicates the results for the 15th March 2010 Auction.

The purchase payments for this quarter are \$12.93M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	Total
Clearing Price T1 (per Unit)	\$600.00	\$6,504.00	\$3,004.00	\$650.00	\$600.00	\$4,000.00	
Clearing Price T2 (per Unit)	\$751.00	\$5,700.00	\$3,004.00	\$850.00	\$1,200.00	\$4,625.00	
Clearing Price T3 (per Unit)	\$450.00	\$6,548.00	\$4,501.00	\$674.00	\$804.00	\$4,123.00	
Clearing Price T4 (per Unit)	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	411	900	300	525	975	1125	
Purchase Payments	\$246,737.00	\$5,625,600.00	\$1,050,900.00	\$380,450.00	\$846,300.00	\$4,780,500.00	\$12,930,487.00

Table 4.2 – Auction Results – July to September 2010 (Q3)

4.3 October – December 2010

The second of four tranches for this quarter have been completed for all unit categories.

Table 4.3 indicates the clearing prices for each tranche for each directional interconnector.

Bold typeface indicates the results for the 15th March 2010 Auction.

The purchase payments for this quarter are \$16.82M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	Total
Clearing Price T1 (per Unit)	\$1,804.00	\$5,750.00	\$2,702.00	\$17,500.00	\$3,201.01	\$6,252.00	
Clearing Price T2 (per Unit)	\$1,827.80	\$6,400.00	\$3,950.00	\$16,501.00	\$1,851.00	\$5,543.00	
Clearing Price T3 (per Unit)	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	
Clearing Price T4 (per Unit)	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	274	600	200	350	650	750	
Purchase Payments	\$497,501.80	\$3,645,000.00	\$665,200.00	\$5,950,175.00	\$1,641,903.25	\$4,423,125.00	\$16,822,905.05

Table 4.3 – Auction Results – October to December 2010 (Q4)

4.4 January – March 2011

The first of four tranches for this quarter have been completed for all unit categories.

Table 4.4 indicates the clearing prices for each tranche for each directional interconnector.

Bold typeface indicates the results for the 15th March 2010 Auction.

The purchase payments for this quarter are \$12.19M.

	NSWQLD	QLDNSW	SAVIC	VICSA	NSWVIC	VICNSW	Total
Clearing Price T1 (per Unit)	\$4,952.00	\$7,000.00	\$4,150.00	\$22,456.00	\$7,501.00	\$7,004.00	
Clearing Price T2 (per Unit)	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	
Clearing Price T3 (per Unit)	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	
Clearing Price T4 (per Unit)	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	Still to be auctioned	
Units Available	550	1,200	400	700	1,300	1,500	
Units Sold	137	300	100	175	325	375	
Purchase Payments	\$678,424.00	\$2,100,000.00	\$415,000.00	\$3,929,800.00	\$2,437,825.00	\$2,626,500.00	\$12,187,549.00

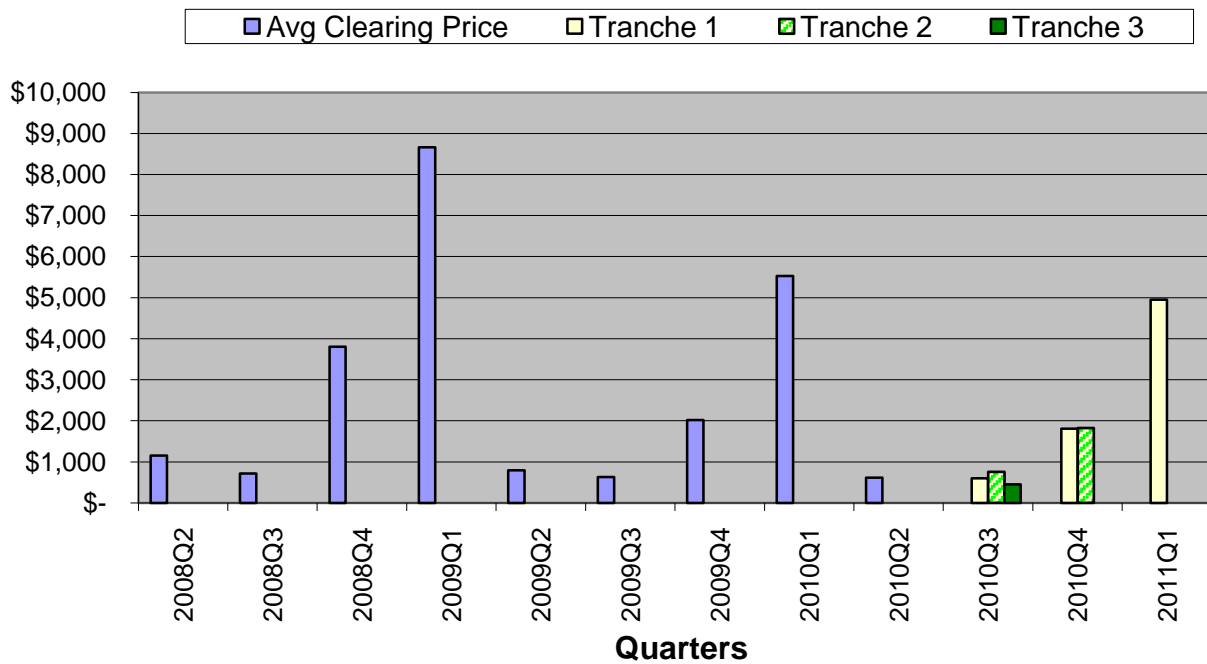
Table 4.4 – Auction Results – January to March 2011 (Q1)

4.5 Clearing Prices

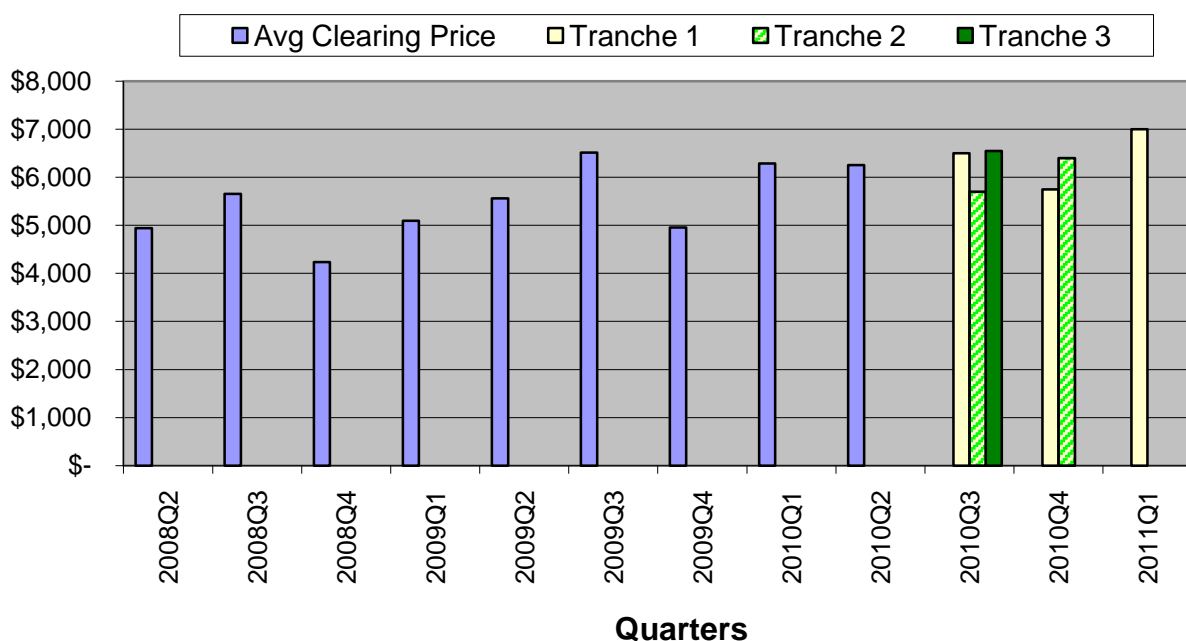
This section indicates the clearing price history for each of the unit categories. Each graph contains the average clearing prices since 2008Q2 for which all auctions have been completed and the clearing prices for the individual tranches for those quarters that have tranches still subject to auction.

It should be noted that the vertical scale of each graph has been automatically selected to reflect the range of prices being displayed. As such the scales are not consistent across all graphs.

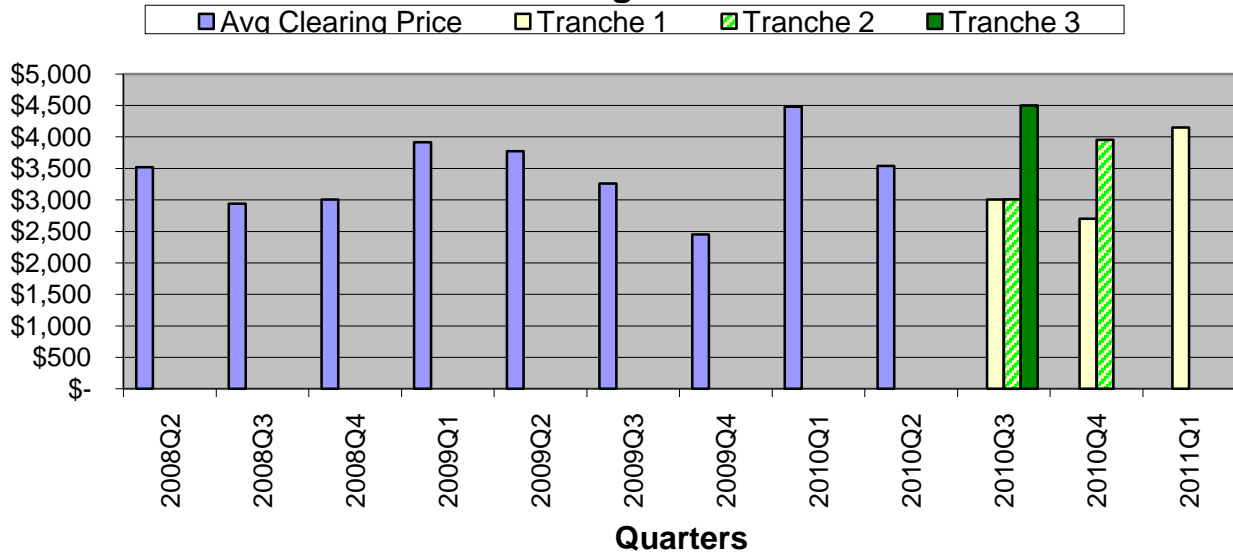
Clearing Prices - NSWQLD



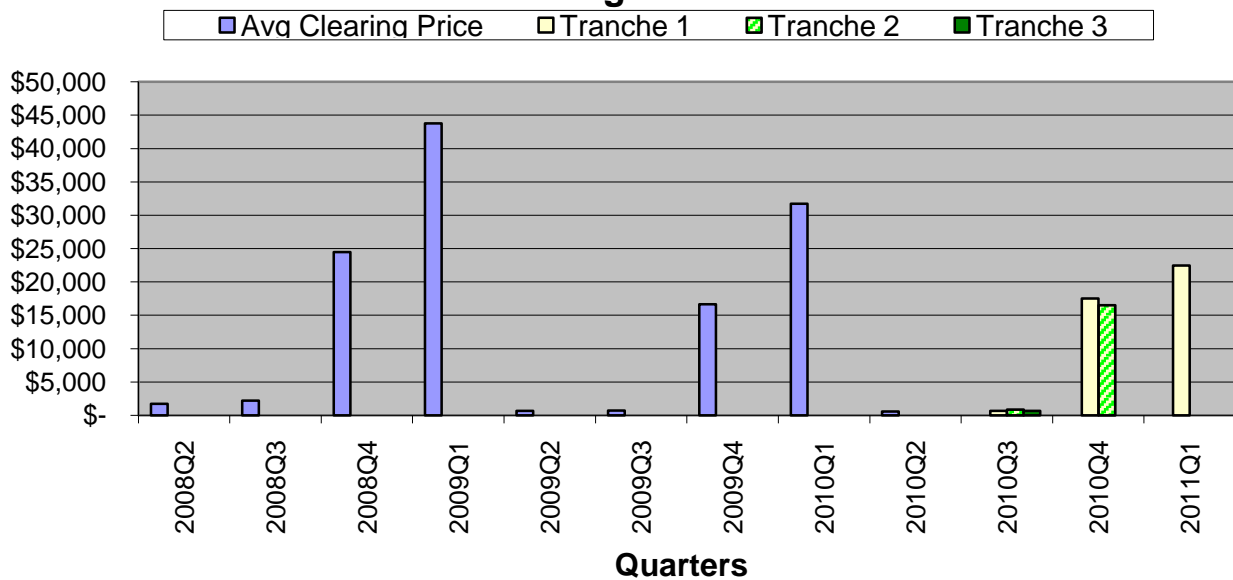
Clearing Prices - QLDNSW



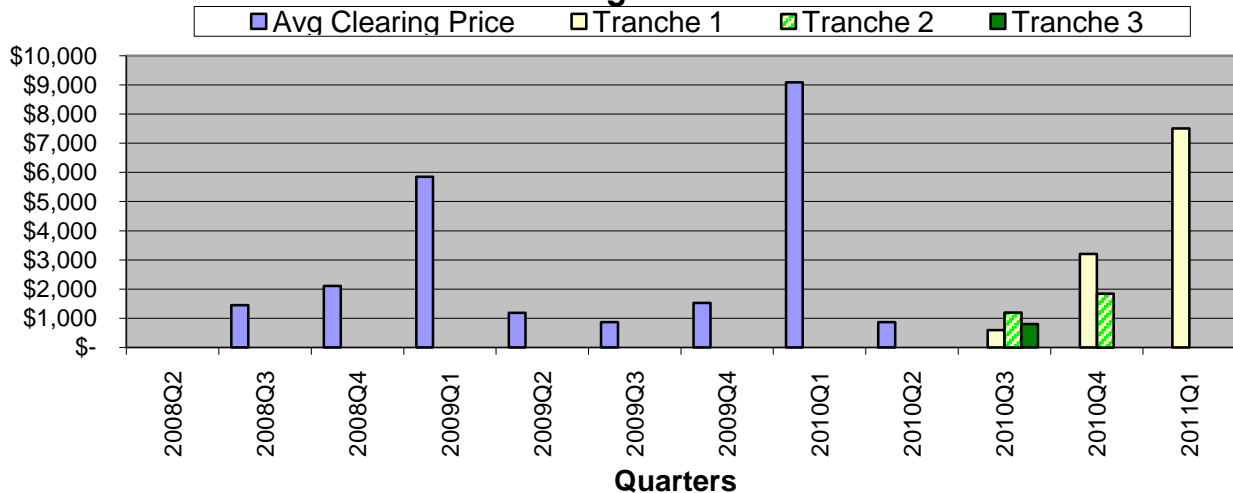
Clearing Price - SAVIC



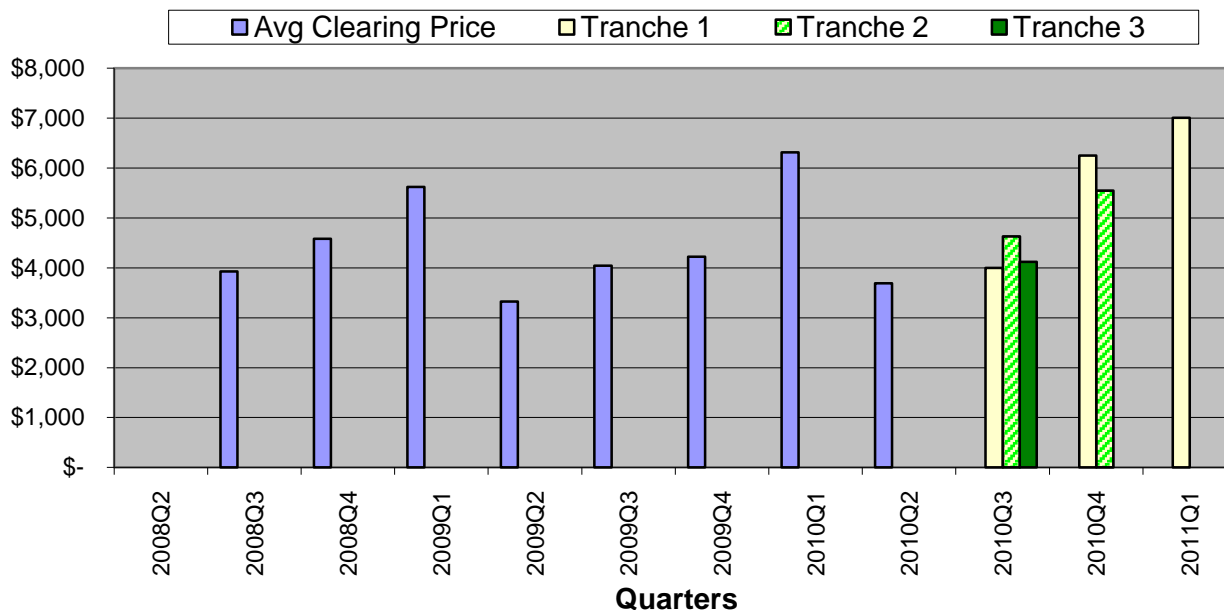
Clearing Prices - VICSA



Clearing Prices - NSWVIC



Clearing Prices - VICNSW



5 Inter-regional settlement Residue

The distribution of all residues for quarter 1 (weeks 1 to 13) which was 27 December 2009 to 27 March 2010 has been made and are summarised in the table below. Graphs indicating the variation of accumulated residue with time are also included.

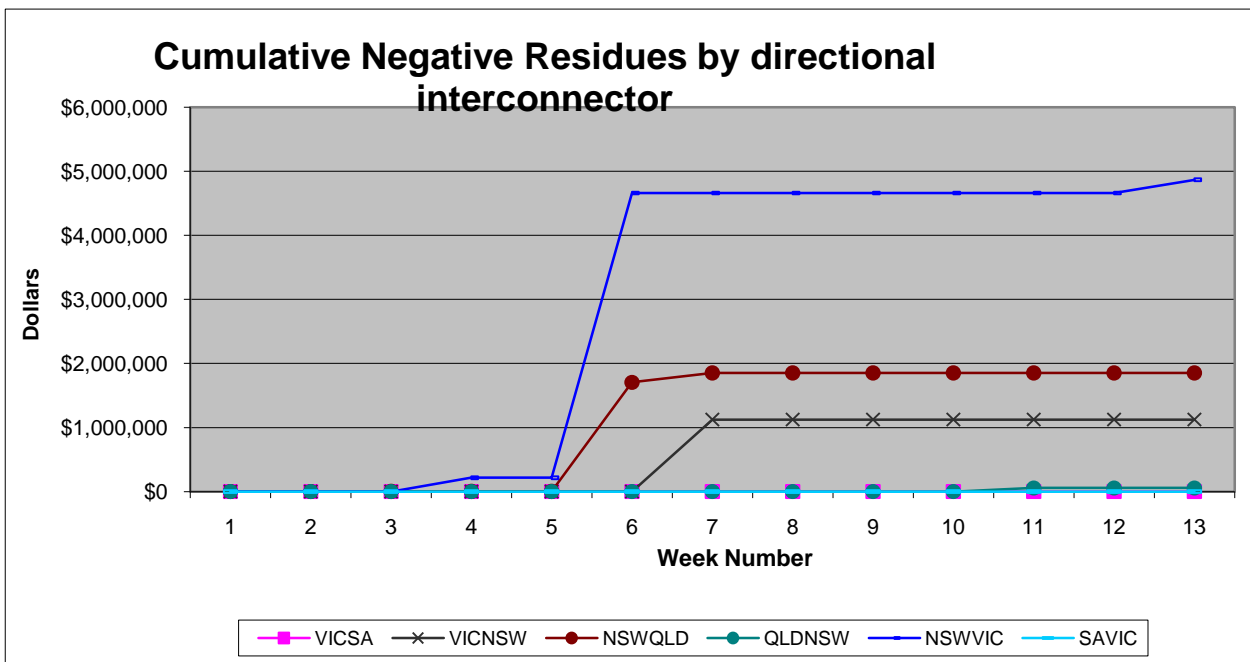
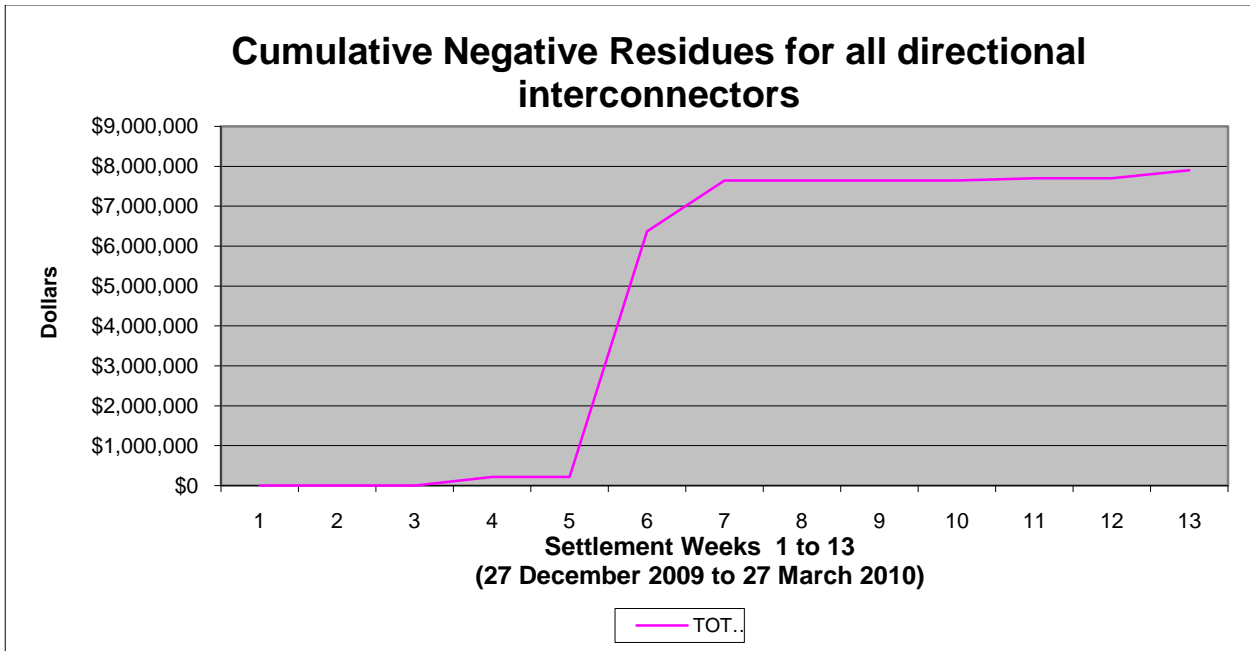
In summary for the quarter:

- approximately \$55.4M of residues was distributed to unit holders
- auction proceeds were approximately \$55.9M
- total negative residues were approximately \$7.9M

The major occurrences of negative residues were:

- NSW to QLD interconnector – approximately \$1.7M in week 6 and \$148k in week 7.
- NSW to VIC interconnector – approximately \$4.4M in week 6, \$215.6k in week 4 and \$205k in week 13
- VIC to NSW interconnector – approximately \$1.1M in week 7

The remaining incidents of negative residues occurred in week 11 on QLD to NSW interconnector.



Residue Payment Quarter 1, 2010 (weeks 1 to 13)

	NSWQLD	NSWVIC	QLDNSW	SAVIC	VICNSW	VICSA	Total
Total Residue	\$3,327,848.27	\$10,380,599.65	\$9,163,924.45	\$350,541.88	\$10,502,869.97	\$21,717,857.27	\$55,443,641.49
Auction Fees ¹	\$6,600.00	\$10,400.00	\$8,400.00	\$2,000.00	\$12,000.00	\$45,500.00	\$84,900.00
Guaranteed Minimum ²	\$5,500.00	\$13,000.00	\$12,000.00	\$4,000.00	\$15,000.00	\$7,000.00	\$56,500.00
Residue Distributed	\$3,321,248.27	\$10,370,199.65	\$9,155,524.45	\$348,541.88	\$10,490,869.97	\$21,672,357.27	\$55,358,741.49
Adjustment Amount ³	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Auction Proceeds	\$3,041,935.00	\$11,811,150.00	\$7,550,100.00	\$1,792,200.00	\$9,469,875.00	\$22,214,850.00	\$55,880,110.00

- 1 Auction Fees are paid out of the residue prior to the balance being paid to the successful auction participant
- 2 All successful auction participants are guaranteed a minimum payment of \$10/unit
- 3 This is an additional payment to ensure that the participant receives the minimum payment

