



INDEPENDENT
MARKET
OPERATOR



Market Procedure: Settlement

VERSION 3



ELECTRICITY INDUSTRY ACT 2004
ELECTRICITY INDUSTRY
(WHOLESALE ELECTRICITY MARKET)
REGULATIONS 2004
WHOLESALE ELECTRICITY MARKET RULES
COMMENCEMENT:

This Market Procedure took effect from 8:00am (WST) on the
same date as the Wholesale Electricity Market Rules.

VERSION HISTORY

| Version | Effective Date | Notes |
|---------|-------------------|--|
| 1 | 21 September 2006 | Market Procedure for the Settlements |
| 2 | 19 July 2011 | Amendments to Market Procedure resulting from PA redevelopment |
| 3 | DD MMM YYYY | Amendments to Market Procedure resulting from PC_2013_07 |

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1 PROCEDURE OVERVIEW

1.1 Relationship with the Market Rules

1.1.1 This *Market Procedure for Settlement* (Procedure) is made in accordance with clause 9.2.1 of the Wholesale Electricity Market Rules (Market Rules).

1.1.2 Reference to particular Market Rules within the Procedure in bold and square brackets **[clause XX]** are current as of **1 November 2013**. These references are included for convenience only and are not part of this Procedure.

1.2 Purpose of this Procedure

1.2.1 The purpose of this Procedure is to outline the following:

- (a) the settlement processes for:
 - i. STEM transactions, settled on a weekly basis;
 - ii. non-STEM transactions, settled on a monthly basis;
 - iii. Adjustments; and
 - iv. settlement of the market in the event that a Market Participant defaults on payment;
- (b) the application of taxes and interest to settlement transactions; and
- (c) the calculation and issuing settlement statements, Participant Information Reports and Invoices, payment of Invoices and issuing Notices of Disagreement and Notices of Dispute.

1.3 Application of this Procedure

1.3.1 In this Procedure, where obligations are conferred on a Rule Participant, that Rule Participant must comply with the relevant obligations in accordance with clauses 2.9.6, 2.9.7 and 2.9.8 of the Market Rules, as applicable.

1.4 Associated Market Procedures

1.4.1 The following Market Procedures (available on the Market Web Site¹) are associated with this Procedure:

- (a) Capacity Credit Allocation;
- (b) Meter Data Submissions; and
- (c) Prudential Requirements.

1.4.2 The following market documents are also associated with this Procedure:

- (a) Settlement Cycle Timeline, available on the Market Web Site²; and
- (b) Product Calculation Sheet, available on request.

¹ <http://www.imowa.com.au/market-procedures>.

² <http://www.imowa.com.au/rules/imo-wem-procedures-and-other-documents>

1.5 Conventions Used

1.5.1 In this Procedure, the conventions specified in clauses 1.3 to 1.5 of the Market Rules apply.

1.6 Terminologies and Definitions

1.6.1 A word or phrase defined in the Electricity Industry Act, the Electricity Industry (Wholesale Electricity Market) Regulations, or the Market Rules has the same meaning when used in this Procedure.

1.6.2 In addition the following defined terms have the meaning given.

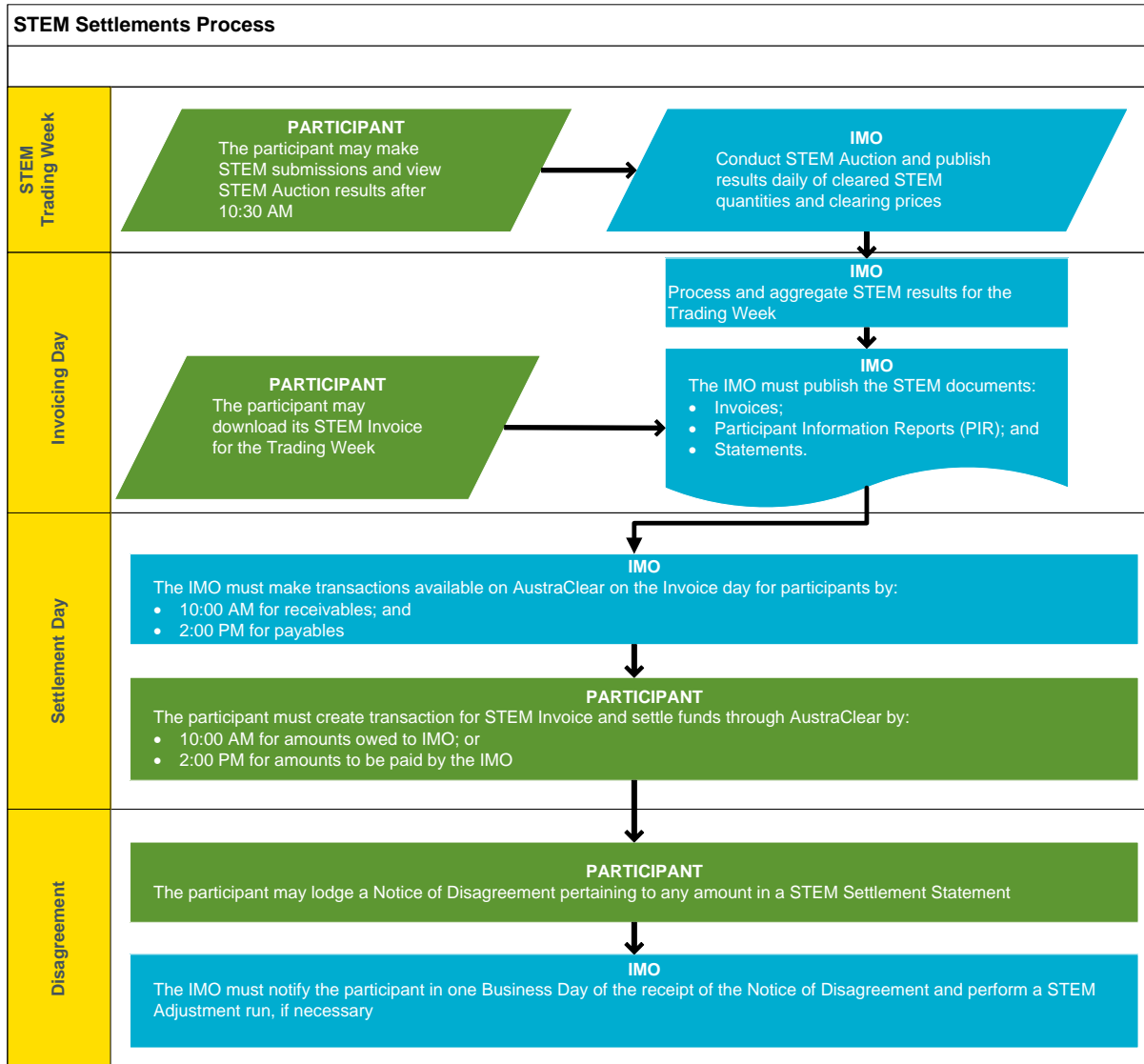
Table 1 – Defined Terms

| Term | Definition |
|--|--|
| Adjustment | The process undertaken by the IMO to recalculate the transactions in the market, in accordance with clause 9.16.3 of the Market Rules. |
| Ancillary Service Settlement | The process of calculating a Rule Participant's transactions pertaining to their Ancillary Service segment in accordance with clause 9.9 of the Market Rules and reflected in the Non-STEM Settlement Statement for the Trading Month. |
| AustraClear | The electronic funds transaction system used by the IMO and Rule Participants to settle market payments. |
| Balancing Settlement | The process of calculating a Rule Participant's transactions pertaining to their Balancing segment in accordance with clause 9.8 of the Market Rules and reflected in the Non-STEM Settlement Statement for the Trading Month. |
| Default Levy Settlement | The process of calculating and allocating a Rule Participant's share of a Payment Default amount. |
| Market Participant Fee Settlement | The process of calculating a Rule Participant's transactions pertaining to its fees associated with the services provided by the IMO, System Management, and the Economic Regulation Authority as described in clause 2.24 of the Market Rules, in accordance with clause 9.13 of the Market Rules and reflected in the Non-STEM Settlement Statement for the Trading Month. |
| Non-STEM Settlement | The process of calculating a Rule Participant's net settlement amount for all transactions and amounts other than those pertaining to the STEM, in accordance with clause 9.14 of the Market Rules. |
| Non-STEM Settlement Statement | The statement issued by the IMO, to a Rule Participant, containing the transactions during a Trading Day, other than those transactions pertaining to the STEM. |
| Outage Compensation Settlement | The process of calculating a Rule Participant's transactions pertaining to its Outage compensation segment in accordance with clause 9.10 of the Market Rules and reflected in the Non-STEM Settlement Statement for the |

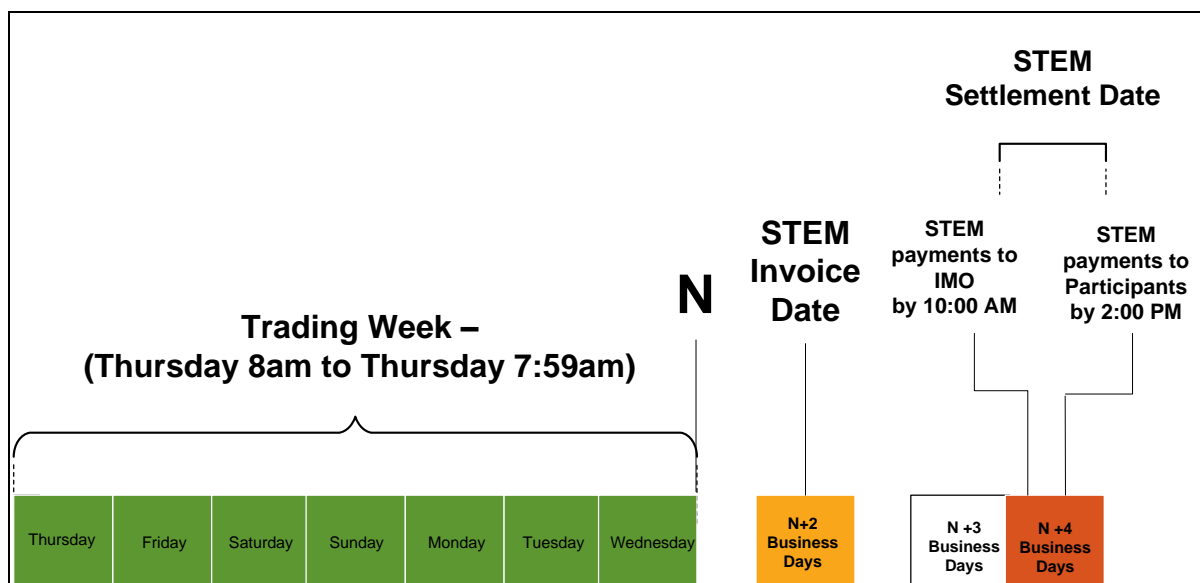
| Term | Definition |
|---|--|
| | Trading Month. |
| Participant Information Report (PIR) | A report produced by the IMO specifying the variable inputs and calculations for each transaction made by a Rule Participant during a Trading Day. |
| Reconciliation Settlement | The process of calculating a Rule Participant's transactions pertaining to their reconciliation segment as reflected in the Non-STEM Settlement Statement for the Trading Month. |
| Reserve Capacity Settlement | The process of calculating a Rule Participant's transactions pertaining to their Reserve Capacity segment as reflected in the Non-STEM Settlement Statement for the Trading Month. |
| Settlement Date | The date upon which a Rule Participant must make a payment to the IMO for a settlement Invoice. |
| Settlement Portal | The interface within the WEMS that enables a Rule Participant to view and download its settlement documents. |
| Shared Reserve Capacity Cost | The monthly cost of acquiring Capacity Credits, in excess of the Reserve Capacity Requirement calculated in accordance with clause 4.28.4 of the Market Rules. |
| STEM Settlement | The process of calculating a Rule Participant's quantities cleared in the STEM and the respective settlement amount. |
| STEM Settlement Statement | The statement issued by the IMO, to a Rule Participant, containing the transactions during a Trading Day pertaining to the STEM. |
| Supplementary Capacity Payment | Monthly payment from the IMO to a Rule Participant for a Supplementary Capacity Contract entered into if it considers there is inadequate Reserve Capacity to maintain Power System Security or Power System Reliability in the six months preceding the Capacity Year, in accordance with clause 4. 24 of the Market Rules. |
| Targeted Reserve Capacity Cost | As calculated under clause 4.28.1(a) of the Market Rules, the monthly cost of acquiring Capacity Credits, up to the Reserve Capacity Requirement, after allowing for Capacity Credits traded bilaterally traded. |
| Wholesale Electricity Market System (WEMS) | The IMO's IT interface used to administer, operate and settle the Wholesale Electricity Market. |

2 STEM SETTLEMENT

2.1 STEM Settlement Process Overview



2.2 STEM Settlement Timeline



2.3 STEM Settlement Process

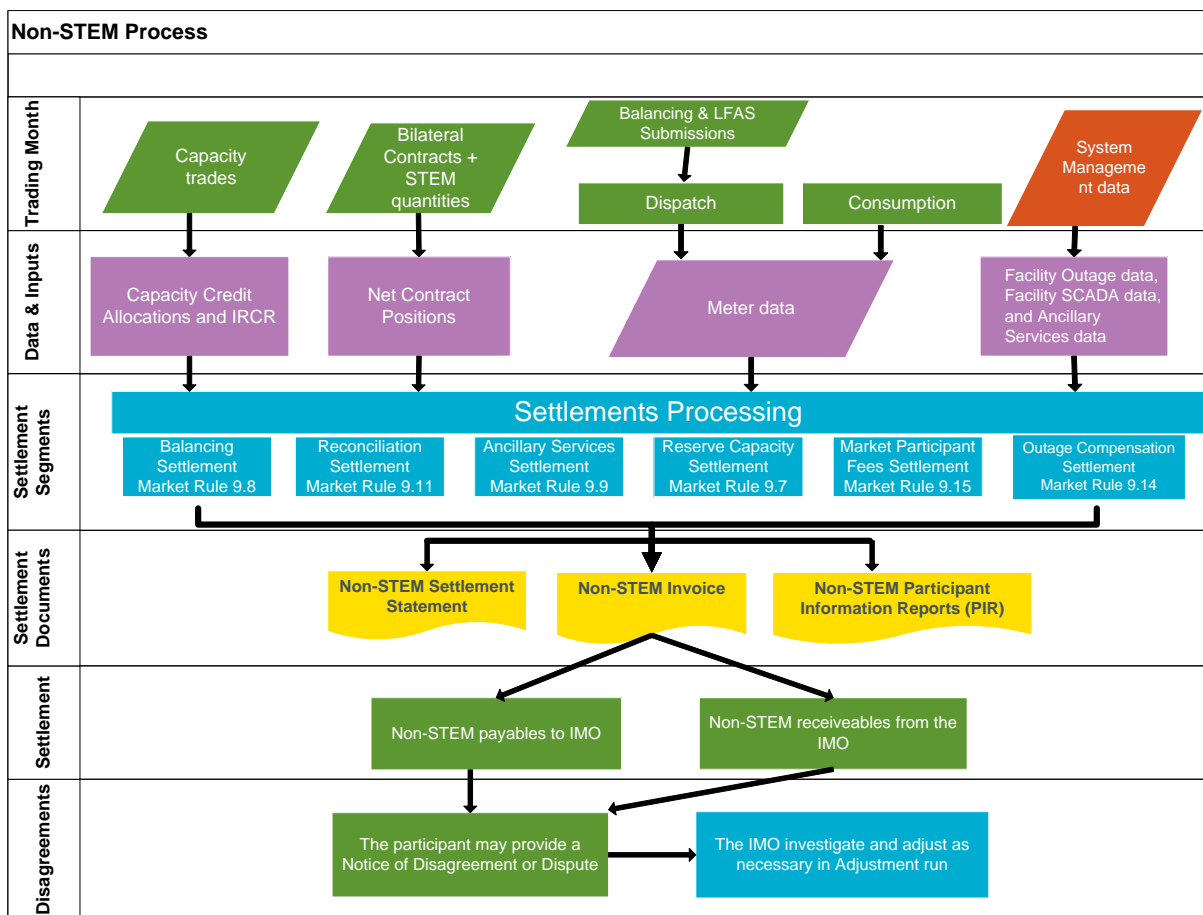
- 2.3.1 The IMO must settle a STEM Trading Week in accordance with the Settlement Cycle Timeline **[Clause 9.17.1]**. The Settlement Cycle Timeline defines the applicable dates for each of the events for each STEM Trading Week, including:
- (a) the start of the Trading Week;
 - (b) the end of the Trading Week;
 - (c) the statement and Invoice date;
 - (d) the Settlement Date; and
 - (e) the Disagreement Deadline.
- 2.3.2 During a STEM Trading Week, a Rule Participant may make submissions and participate in the STEM. The STEM Trading Week begins at the Trading Interval commencing at 8:00 AM on Thursday and ends on the Trading Interval commencing at 7:30 AM on the following Thursday.
- 2.3.3 After a Trading Week, the IMO must calculate a Rule Participant's STEM Settlement amount for a Trading Week in accordance with clause 9.6.1 of the Market Rules.
- 2.3.4 On the first Business Day commencing after the end of a Trading Week, the IMO must issue to each Rule Participant that transacted in the STEM **[Clause 9.16.1(a)]**:
- (a) a STEM Settlement Statement for each of the Trading Days in the Trading Week in accordance with step 6.1;
 - (b) a STEM PIR for each of the Trading Days in the Trading Week in accordance with step 6.2; and
 - (c) an Invoice for the STEM Settlement Statements in the Trading Week in accordance with step 7.1.

2.3.5 On the second Business Day following the provision of STEM Settlement Statement, PIR and Invoice by the IMO to a Rule Participant under step 2.3.4, the IMO and the Rule Participant must settle each Invoice in accordance with step 7.3.6. **[Clause 9.16.1(b)]**

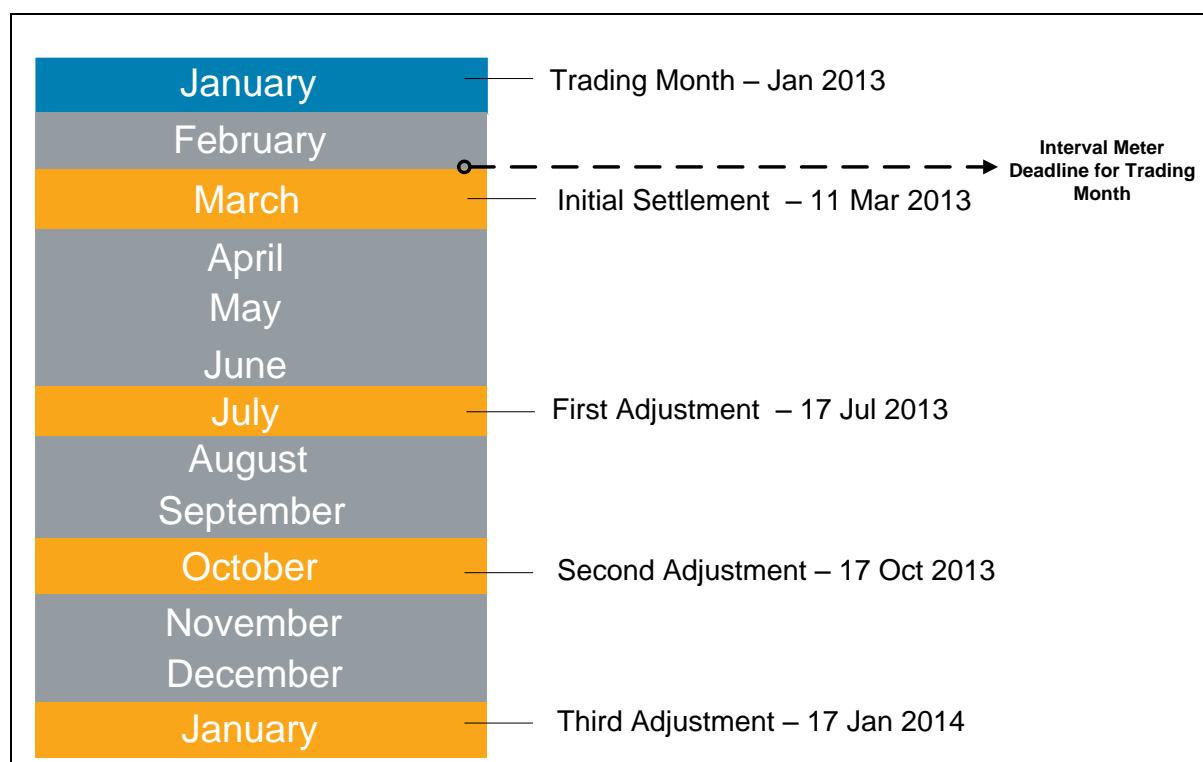
2.3.6 If a Rule Participant disagrees with any amount stated in the STEM Settlement Statement issued under step 2.3.4, the Rule Participant may issue a Notice of Disagreement to the IMO by the STEM Settlement Disagreement Deadline **[Clause 9.16.1]** in accordance with the steps in section 9. **[Clause 9.17.3]**

3 NON-STEM SETTLEMENT

3.1 Non-STEM Settlement Process Overview



3.2 Example of the Non-STEM Settlement Timeline



3.3 Non-STEM Settlement Process

- 3.3.1 The IMO must process and settle all transactions other than those undertaken in the STEM for the Trading Month, in accordance with the dates specified in the Settlement Cycle Timeline. **[Clause 9.18.1]**
- 3.3.2 Non-STEM Settlement calculations for the Trading Month must use the Meter Data Submissions received up to the Interval Meter Deadline for the respective Trading Month.
- 3.3.3 The Interval Meter Deadline occurs on the first Business Day of the second month following the Trading Month. This deadline is the date that the Metering Data Agent must provide metering data to the IMO to settle for the Trading Month **[Clause 9.16.2(a)]**.
- 3.3.4 Prior to commencing the Non-STEM Settlement process for the Trading Month, the IMO must determine the Individual Reserve Capacity Requirement and the Capacity Credit Allocation for each Rule Participant in accordance with the *Market Procedure for Individual Reserve Capacity Requirements* and *Market Procedure for Capacity Credit Allocation*.
- 3.3.5 The IMO must use the following information when calculating the Non-STEM Settlement amount **[Clause 9.3.1]**:
- the Ancillary Service and Outage Compensation Settlement data described in clause 3.22 of the Market Rules;
 - the Reserve Capacity Settlement data described in clause 4.29 of the Market Rules;

- (c) the energy market settlement data described in clause 6.21 of the Market Rules.
- 3.3.6 The IMO must issue a Non-STEM Settlement Statement for the Trading Month no later than five Business Days after the Interval Meter Deadline **[Clause 9.16.2(c)]**.
- 3.3.7 The IMO must issue a Non-STEM Settlement Invoice for the Trading Month six Business Days after the Interval Meter Deadline **[Clause 9.16.2(d)]**.
- 3.3.8 The IMO and Rule Participants must settle the amounts stated in the Non-STEM Settlement Invoice issued in step 3.3.7 on the eighth Business Day after the Interval Meter Deadline, and provide payment in accordance with the steps in section 8.1 **[Clause 9.16.2(e)]**.
- 3.3.9 If a Rule Participant disagrees with any amount stated in the Non-STEM Settlement Statement issued in step 3.3.6, the Rule Participant may issue a Notice of Disagreement to the IMO by the Non-STEM Settlement Disagreement Deadline in accordance with the steps in section 9 **[Clause 9.18.4]**.

3.4 Non-STEM Settlement Segments

- 3.4.1 The IMO must process and calculate all transactions other than those undertaken in the STEM for the Trading Month and attribute them to each of the following Non-STEM Settlement segments:
 - (a) Balancing Settlement (refer to section 3.5);
 - (b) Reconciliation Settlement (refer to section 3.6);
 - (c) Ancillary Service Settlement (refer to section 3.7);
 - (d) Reserve Capacity Settlement (refer to section 3.8);
 - (e) Market Participant Fee Settlement (refer to section 3.9); and
 - (f) Outage Compensation Settlement (refer to section 3.10).
- 3.4.2 The IMO must commence calculations of each Non-STEM Settlement segment after the Interval Meter Deadline, and complete the calculations not more than five Business Days after the Interval Meter Deadline of the Trading Month **[Clause 9.16.2(c)]**.

3.5 Balancing Settlement

- 3.5.1 The IMO must calculate each Rule Participant's Balancing Settlement amount for the Trading Month, in accordance with clause 9.8.1 of the Market Rules.
- 3.5.2 The IMO must calculate the payment for dispatch of any Demand Side Programmes and Dispatchable Loads dispatched by System Management based on the Standing Data price specified by the Rule Participant in the WEMS in accordance with clause 6.17.6 of the Market Rules.
- 3.5.3 The IMO must calculate payments for generators dispatched Out of Merit for constrained on or constrained off compensation payments in accordance with clause 6.17.3, 6.17.4, 6.17.5 and 6.17.5A of the Market Rules.
- 3.5.4 The IMO must calculate the monthly sum of each Rule Participant's Balancing Settlement amounts to determine the net Non-STEM Settlement amount for the Trading Month in accordance with step 3.11.1.

3.6 Reconciliation Settlement

- 3.6.1 The IMO must calculate each Rule Participant's share of the Reconciliation Settlement segment for the Trading Month, in accordance with clause 9.11.1 of the Market Rules.
- 3.6.2 The IMO must allocate the costs of the Reconciliation Settlement segment to each Market Participant based on its consumption share, to pay for the following:
- (a) Balancing Settlement segment imbalance for the Trading Month;
 - (b) constrained on and constrained off compensation payments;
 - (c) differences in average marginal losses, from actual marginal losses;
 - (d) dispatch of any Demand Side Programmes and Dispatchable Loads; and
 - (e) shortfall in payment for Load Rejection Reserve Service, System Restart Service and Dispatch Support Service for the Trading Month.
- 3.6.3 The IMO must calculate the consumption share for each Market Customer based on its monthly energy usage, in accordance with clause 9.3.7 of the Market Rules.
- 3.6.4 The IMO must use the calculated monthly value of each Rule Participant's Reconciliation Settlement amount to determine the net Non-STEM Settlement amount for the Trading Month in accordance with step 3.11.1.

3.7 Ancillary Services Settlement

- 3.7.1 The IMO must calculate each Rule Participant's share of the Ancillary Services Settlement segment for the Trading Month, in accordance with clause 9.9.1 of the Market Rules.
- 3.7.2 The IMO must allocate the costs of Ancillary Services Settlement segment for the Trading Month, to each Rule Participant, based on its consumption share in accordance with clause 9.9.1 of the Market Rules.
- 3.7.3 The IMO must calculate the Verve Energy Ancillary Service provider payment for the Trading Month, in accordance with clause 9.9.1 of the Market Rules.
- 3.7.4 The IMO must calculate the "*ASP_Payment*" to pay for contracted Ancillary Services provided by a Rule Participant, which is not Verve Energy, for the Trading Month, in accordance with clause 9.9.3 of the Market Rules.
- 3.7.5 The IMO must calculate the "*LF_Market_Payment*" to pay a Rule Participant for providing Load Following Services to maintain system frequency, for the Trading Month, in accordance with clause 9.9.2(d) of the Market Rules.
- 3.7.6 The IMO must calculate the "*LF_Capacity_Cost_Share*" for each Rule Participant, based on its market share of metered quantities for Non-Scheduled Generators, Non-Dispatchable and Interruptible Loads, for the Trading Month, in accordance with clause 9.9.2(p) of the Market Rules.
- 3.7.7 The IMO must calculate the "*LF_Market_Cost_Share*" for each Rule Participant, based on its market share of metered quantities for Non-Scheduled Generators, Non-Dispatchable and Interruptible Loads, for the Trading Month, in accordance with clause 9.9.2(n) of the Market Rules.
- 3.7.8 The IMO must calculate the "*SR_Availability_Cost_Share*" for each Market Generator, based on its proportion of deemed risk that its generator(s) imposes on the system, for the Trading Month, in accordance with clause 9.9.2(l) of the Market Rules.

- 3.7.9 The IMO must allocate costs to each Market Customer for Load Rejection Reserve Service, System Restart Service and Dispatch Support Service in accordance with clause 3.22.1 of the Market Rules. The allocation is based on the consumption share for the Trading Month in accordance with clause 9.9.1 of the Market Rules.
- 3.7.10 The IMO must use the calculated monthly value of each Rule Participant's Ancillary Service Settlement amount to determine the net Non-STEM Settlement amount for the Trading Month in accordance with step 3.11.1.

3.8 Reserve Capacity Settlement

- 3.8.1 The IMO must calculate and allocate each Rule Participant's share of the Reserve Capacity Settlement segment for the Trading Month, in accordance with clause 9.7.1 of the Market Rules.
- 3.8.2 The IMO must calculate the quantity and amount payable for any uncontracted Capacity Credits not covered by Special Price Arrangements and which are not allocated to another Rule Participant for the Trading Month and apply the Monthly Reserve Capacity Price.
- 3.8.3 The IMO must calculate the quantity and amount payable for contracted Capacity Credits covered by Special Price Arrangements and which are not allocated to another Rule Participant for the Trading Month and apply the Monthly Special Reserve Capacity Price.
- 3.8.4 The IMO must calculate the Capacity Cost Refund payable to the IMO by a Rule Participant for the Trading Month, in accordance with clause 4.26.2F of the Market Rules.
- 3.8.5 The IMO must calculate the Intermittent Load Refund payable to the IMO by a Rule Participant for each Intermittent Load registered, for the Trading Month, in accordance with 4.28A.1 of the Market Rules.
- 3.8.6 The IMO must calculate the Supplementary Capacity Payment to be made by the IMO to a Rule Participant for the supplementary capacity provided for the Trading Month, in accordance with the Supplementary Capacity Contract under clause 4.24.13 of the Market Rules.
- 3.8.7 The IMO must calculate the Targeted Reserve Capacity Cost payment as defined under clause 4.28.1(a), for the cost of Reserve Capacity to be shared amongst those Market Customers who have not had sufficient Capacity Credits allocated to them for the Trading Month. The IMO must allocate the Target Reserve Capacity Cost to each Market Customer in accordance with clause 4.28.3 of the Market Rules.
- 3.8.8 The IMO must calculate the Shared Reserve Capacity Cost amount for the Trading Month and allocate it to Market Customers in accordance with clause 4.28.4 of the Market Rules.
- 3.8.9 The IMO must calculate the "*LF_Capacity_Cost*" as the total Load Following Service capacity payment to be paid by a Rule Participant to the IMO for the Trading Month, in accordance with clause 9.9.2(q) of the Market Rules.
- 3.8.10 The IMO must use the calculated monthly value of each Rule Participant's Reserve Capacity Settlement amount to determine the net Non-STEM Settlement amount for the Trading Month, in accordance with step 3.11.1.

3.9 Market Participant Fee Settlement

- 3.9.1 The IMO must calculate each Rule Participant's share of the Market Participant Fee Settlement segment for the Trading Month, in accordance with clause 9.13.1 of the Market Rules.
- 3.9.2 The IMO must charge a Market Participant Market Fees, System Operation Fees and Regulator Fees for the Trading Month, determined under clause 2.24.2 of the Market Rules.
- 3.9.3 The IMO must allocate each Rule Participant's share of the Market Participant Fee Settlement segment for the Trading Month, on the basis of the quantity of energy generated and consumed by the Market Participant, in accordance with clause 9.13 of the Market Rules.
- 3.9.4 The IMO must use the monthly value of each Market Participant's Market Participant Fee Settlement amount to determine the net Non-STEM Settlement amount for the Trading Month in accordance with step 3.11.1.

3.10 Outage Compensation Settlement

- 3.10.1 The IMO must calculate each Market Participant's share of the Outage Compensation Settlement segment, for the Trading Month, in accordance with 9.10.1 of the Market Rules.
- 3.10.2 The IMO must determine the Outage compensation amount in accordance with clause 3.19.12(e) of the Market Rules.
- 3.10.3 The IMO must allocate each Market Participant's share of the Outage Compensation Settlement segment for the Trading Month, on the basis of the consumption share for the Trading Month, in accordance with 9.10.1 of the Market Rules.
- 3.10.4 The IMO must use the monthly value of each Market Participant's Outage Compensation Settlement amount to determine the net Non-STEM Settlement amount for the Trading Month in accordance with step 3.11.1.

3.11 Net Non-STEM Settlement

- 3.11.1 The IMO must calculate the net Non-STEM Settlement amount for each Rule Participant, for the Trading Month, in accordance with clause 9.14.1 of the Market Rules.
- 3.11.2 The IMO must issue a Non-STEM Settlement Statement and a PIR for each Non-STEM Settlement segment amount in accordance with the steps in section 6.1 and section 6.2.
- 3.11.3 The IMO must issue an Invoice to each Market Participant for the net Non-STEM Settlement amount in accordance with the steps in section 7.1.
- 3.11.4 The IMO and Market Participants must settle the net Non-STEM Settlement amount, for the Trading Month, on the Settlement Date specified on the Settlement Cycle Timeline.

4 ADJUSTMENT PROCESS

4.1 Adjustments

- 4.1.1 The IMO must undertake an Adjustment for a STEM Settlement if a Rule Participant lodges a Notice of Disagreement with respect to a STEM Settlement amount and the IMO considers the STEM Settlement Statement to be inaccurate.
- 4.1.2 The IMO must undertake a monthly Adjustment for a Non-STEM Settlement in accordance with Settlement Cycle Timeline
- 4.1.3 Where an Adjustment is required for a:
 - (a) STEM Settlement amount, the IMO must undertake the steps in section 4.2; or
 - (b) Non-STEM Settlement amount, the IMO must undertake the steps in section 4.3.

4.2 STEM Settlement Adjustments

- 4.2.1 If the IMO undertakes a STEM Settlement Adjustment under step 4.1.1, the IMO must commence the Adjustment two Business Days after the respective Disagreement Deadline for the STEM Trading Week specified by the Settlement Cycle Timeline.
- 4.2.2 The IMO must recalculate the amounts in the relevant STEM Settlement segments in accordance with the steps in section 2, after first resolving any issues that may have caused the inaccuracy in the initial STEM Settlement Statement.
- 4.2.3 The IMO must issue an adjusted STEM Settlement Statement and PIR to each Rule Participant no later than 20 Business Days from commencing the STEM Adjustment process and in accordance with the steps in sections 6.1 and 6.2 **[Clause 9.16.4(b)]**.
- 4.2.4 The IMO must issue an adjusted Invoice for the Trading Week two Business Days after the date of release of the adjusted STEM Settlement Statement and PIR in accordance with the steps in section 7.1 **[Clause 9.16.4(c)]**.
- 4.2.5 The IMO must accrue interest on any adjusted STEM Settlement amount in accordance with the steps in section 7.3.

4.3 Non-STEM Settlement Adjustments

- 4.3.1 When the IMO undertakes a Non-STEM Settlement Adjustment, the IMO must recalculate the amounts in the relevant Non-STEM Settlement segments in accordance with the steps in section 3.
- 4.3.2 The IMO must recalculate the amounts in the relevant Non-STEM Settlement segments taking into account any of the following information provided in relation to the previous Non-STEM Settlement Statement issued for the Trading Month **[Clause 9.19.1(a)]**:
 - (a) revised metering data provided by the Metering Data Agent;
 - (b) actions arising from any Notice of Disagreement;
 - (c) the resolution of any Notice of Dispute;

- (d) any determination of Out of Merit generation made in accordance with clauses 6.16A.1(b)(i), 6.16A.2(b)(i), 6.16B.1(b)(i) or 6.16B.2(b)(i) of the Market Rules;
 - (e) revised Market Fees, System Operation Fees or Regulator Fees; and
 - (f) any adjustment required for GST purposes under clause 9.1.2 of the Market Rules.
- 4.3.3 The IMO must follow the steps in section 3 to recalculate and reallocate the Non-STEM Settlement segment.
- 4.3.4 The IMO must issue an adjusted Non-STEM Settlement Statement and PIR no later than 20 Business Days after the date of commencement of the Adjustment for the respective Non-STEM Settlement Statement for a Trading Month, in accordance with the steps in sections 6.1 and 6.2.
- 4.3.5 The IMO must issue an adjusted Non-STEM Settlement Invoice two Business Days after the Non-STEM Settlement Statement and PIR are issued in accordance with the steps in section 7.1. The adjusted Invoice must only include a net amount to be paid by either the Rule Participant or the IMO to reflect the adjusted Non-STEM Settlement amount for the Trading Month. The adjusted Invoice must take into account any amount from previous Adjustments made under clause 9.19 of the Market Rules.
- 4.3.6 The IMO must accrue interest on any adjusted Non-STEM Settlement amount in accordance with the steps in section 7.3.

5 PAYMENT DEFAULT AND SETTLEMENT IN DEFAULT

5.1 Payment Default

- 5.1.1 If a Rule Participant fails to make a payment to the IMO by the Settlement Date, then the IMO must Draw Upon any Credit Support held by the IMO in accordance with the *Market Procedure for Prudential Requirements*.
- 5.1.2 If at any time the Total Amount received by the IMO is not sufficient to settle the outstanding Invoice amount owed to the IMO, the IMO is only liable to make payments limited to the Total Amount, in accordance with clause 9.24.3A of the Market Rules.
- 5.1.3 The IMO must apply the Total Amount in accordance with clause 9.24.3A(a) of the Market Rules.
- 5.1.4 The IMO must notify all Rule Participants, by email, no later than 1:30 PM on the Business Day of the Payment Default, the expected reduction in payment for the STEM Settlement or the Non-STEM Settlement amounts.

5.2 Receipt of Payment within Five Business Days of a Payment Default

- 5.2.1 If within five Business Days, the Rule Participant makes full or partial payment to the IMO with regard to the Payment Default in step 5.1, the IMO must, within one Business Day, apply the amount received, in accordance with clause 9.24.4 of the Market Rules.
- 5.2.2 The IMO must accrue interest on any Payment Default amount in accordance with the steps in section 7.3.

5.3 Non-payment after Five Business Days of a Payment Default

5.3.1 If the Rule Participant has not made the payment, in full, of the Payment Default amount in step 5.1 within five Business Days of the default, the IMO must recover, in full, the overdue amount by raising a Default Levy on Market Participants **[Clause 9.24.5]**.

5.3.2 The IMO must subsequently raise a Default Levy from all Rule Participants (other than the Rule Participant incurring the Payment Default) to cover the remaining shortfall. A Rule Participant Default Levy Settlement amount is calculated as:

$$\text{Default Levy Settlement amount} = \frac{\text{Payment Default Amount} \times \left[\left(\text{ABS}(C(p, m)) \right) + \left(\text{ABS}(G(p, m)) \right) \right]}{\text{ABS}(\text{Total Market } C(p, m)) + \text{ABS}(\text{Total Market } G(p, m)) - \text{ABS}(C(d, m)) - \text{ABS}(G(d, m))}$$

Where:

C = consumption quantities determined in accordance with Metered Schedules;

G = generation quantities determined in accordance with Metered Schedules;

p = Rule Participant paying the Default Levy;

d = Rule Participant incurring the Payment Default; and

m = most recent Trading Month for which Settlement Statements were published.

5.3.3 The IMO must accrue interest on any Default Levy Settlement amount in accordance with the steps in section 7.3.

5.3.4 The IMO must notify each Rule Participant of the Default Levy Settlement amount, by email, within six Business Days of the Payment Default occurring.

5.3.5 The IMO must provide each Rule Participant with an Invoice pertaining to the Default Levy Settlement amount within six Business Days of the Payment Default, through the Settlement Portal in the WEMS, in accordance with the steps in section 7.1.

5.3.6 A Rule Participant must pay the full amount, notified by the IMO under step 5.3.4 and provided in the Invoice under step 5.3.5 to the IMO by 10:00 AM, eight Business Days after the date of the Payment Default. A Rule Participant must make a payment whether or not it disputes the Default Levy amount.

5.3.7 The IMO must allocate the total of the Default Levy Settlement amounts received under step 5.3.6 by 2:00 PM, eight Business Days after the date of a Payment Default, in accordance with clause 9.24.8 of the Market Rules.

6 SETTLEMENT DOCUMENTS

6.1 Settlement Statements

6.1.1 The IMO must issue a STEM Settlement Statement and Non-STEM Settlement Statement for each Rule Participant, for each period, in accordance with the Settlement Cycle Timeline.

6.1.2 The IMO must provide access to each Rule Participant to the Settlement Portal in the WEMS.

- 6.1.3 Each Rule Participant must ensure it is able to view the relevant settlement statements in the Settlement Portal in the WEMS.
- 6.1.4 The IMO must only generate a settlement statement for the relevant Rule Participant with respect to periods in which it has obligations or undertaken transactions.
- 6.1.5 The IMO must, for each STEM Settlement Statement, ensure it contains the information specified in clause 9.17.2 of the Market Rules.
- 6.1.6 The IMO must, for each Non-STEM Settlement Statement, ensure it contains the information specified in clause 9.18.3 of the Market Rules.
- 6.1.7 The IMO must publish the relevant settlement statements through the Settlement Portal in the WEMS, in accordance with the Settlement Cycle Timeline.
- 6.1.8 A Rule Participant may access its relevant list of settlement statements based on the transaction type and the date of publication through the Settlement Portal in the WEMS.

6.2 Participant Information Report

- 6.2.1 The IMO must issue a PIR for each Rule Participant, for each STEM Settlement period or Non-STEM Settlement period in accordance with the Settlement Cycle Timeline. The PIR must contain the information and settlement input variables to enable a Rule Participant to validate the settlement data.
- 6.2.2 The IMO must only create a PIR for the relevant Rule Participant with respect to periods in which it has obligations or undertaken transactions.
- 6.2.3 The IMO must publish the relevant PIRs through the Settlement Portal in the WEMS, in accordance with the Settlement Cycle Timeline.
- 6.2.4 A Rule Participant may access its relevant PIRs through the Settlement Portal in the WEMS.

7 INVOICING AND THE APPLICATION OF GST AND INTEREST

7.1 Invoicing

- 7.1.1 The IMO must issue settlement Invoices for each Rule Participant, for each period, in accordance with the Settlement Cycle Timeline.
- 7.1.2 The IMO must generate a settlement Invoice for the relevant Rule Participant with respect to periods in which it has obligations or undertaken transactions.
- 7.1.3 The IMO must publish settlement Invoices through the Settlement Portal in the WEMS, in accordance with clause 9.22.2 of the Market Rules.
- 7.1.4 A Rule Participant may access its relevant list of settlement Invoices based on the transaction type and the date of publication through the Settlement Portal in the WEMS.
- 7.1.5 A Rule Participant must check its settlement Invoice amount and notify the IMO if it does not agree with the settlement Invoice amount in accordance with the steps under section 9.1.

7.2 Application of GST

- 7.2.1 With respect to prices, fees and charges, the IMO must apply taxes in accordance with clause 9.1.2 of the Market Rules and the GST Act.
- 7.2.2 The IMO must include GST on any Invoice issued to a Rule Participant as appropriate [**Clause 9.1.2(d)**].
- 7.2.3 The IMO must apply GST on the following taxable supplies:
- (a) the net STEM Settlement amount;
 - (b) the net Balancing Settlement amount;
 - (c) the net Reconciliation Settlement amount;
 - (d) the net Ancillary Service Settlement amount;
 - (e) the net Reserve Capacity Settlement amount; and
 - (f) the net Outage Compensation Settlement amount.
- 7.2.4 The IMO must not apply GST to the following non-taxable supplies:
- (a) the net Market Participant Fee Settlement amount;
 - (b) the net Default Levy Settlement amount; and
 - (c) interest accrued on any settlement amount.
- 7.2.5 The IMO must apply GST to all taxable supplies in accordance with the following formula:

$$GST\ inclusive\ amount\ (p) = \left(\sum TS(p, m) \times 0.1 \right) + \sum TS(p, m)$$

Where:

TS = taxable supplies in accordance with step 7.2.3;

p = Rule Participant; and

m = Trading Month in which the taxable supplies were made to the Market Participant.

7.3 Application of Interest

- 7.3.1 The IMO must calculate and accrue interest on the following transactions:
- (a) Adjustments to STEM Settlement and Non-STEM Settlement amounts;
 - (b) payments made by Rule Participants after the Settlement Date; and
 - (c) Default Levy Settlement amount for a Rule Participant.
- 7.3.2 With regard to payments made after the Settlement Date, the IMO must accrue interest, compounded daily at the Bank Bill Rate, from the initial Settlement Date, up to and including the date when payment is made.
- 7.3.3 With regard to STEM Settlement and Non-STEM Settlement adjusted Invoices, the IMO must accrue interest, compounded daily at the Bank Bill Rate, from and including the initial Settlement Date. The IMO must accrue interest up to, but not

including, the date on which the Rule Participant makes the payment to the IMO of the amount issued under the relevant adjusted Invoice.

7.3.4 With regard to Default Levy Settlement amount, the IMO must apply interest, compounded daily at the Bank Bill Rate, up to but excluding, the date on which the Rule Participant makes the payment to the IMO of the amount issued under the Default Levy Settlement Invoice.

7.3.5 The IMO must publish the Bank Bill Rate used to calculate interest applied to any Invoice issued to a Rule Participant on the Market Web Site.

7.3.6 The IMO must calculate interest on adjusted STEM Settlement and Non-STEM Settlement amounts as:

$$\text{Total interest on Adjustment} = (S + GST) \times \sum_{p=1}^n \frac{[BBR(p)]}{D} \times N(p)$$

Where:

S = settlement amount payable;

GST = any GST applicable to the relevant settlement amount;

p = a period in which the settlement amount was outstanding and a particular Bank Bill Rate applied, where periods are referred to as 1,...,n;

n = number of periods for which the amount was outstanding, from (and including) the initial Invoice Settlement Date, up to (but excluding) the date of payment;

BBR(p) = Bank Bill Rate applicable for period p;

D = number of days in the calendar year in which the Invoice is due; and

N(p) = Number of days the settlement amount was outstanding, during period p, including the initial Invoice Settlement Date, but excluding the date of payment for the adjusted Invoice.

7.3.7 The IMO must calculate interest on late payments by Rule Participants as:

$$\text{Interest on late payment} = (L + GST) \times \sum_{p=1}^n \frac{[BBR(p)]}{D} \times N(p)$$

Where:

L = late payment amount;

GST = any GST applicable to the late payment amount;

p = a period in which the payment was late and a particular Bank Bill Rate applied, where periods are referred to as 1,...,n;

n = number of periods for which the amount was late, from (and including) the initial Invoice Settlement Date, up to (but excluding) the date of payment;

BBR(p) = Bank Bill Rate applicable for period p;

D = number of days in the calendar year in which the Invoice is due; and

N(p) = number of days the payment amount was late, during period p, including the initial Invoice Settlement Date, but excluding the date of payment of the late amount.

7.3.8 The IMO must calculate interest on the Default Levy Settlement amount as:

$$\text{Interest on Default Levy} = (DL) \times \sum_{p=1}^n \frac{[BBR(p)]}{D} \times N(p)$$

DL = Default Levy Settlement amount;

p = a period from the date of the Payment Default, up to the date of payment for the Default Levy Settlement Invoice, in which a particular Bank Bill Rate applied, where periods are referred to as 1,...,n;

n = number of periods from (and including) the date of the Payment Default, up to (but excluding), the date of payment of the Default Levy Settlement Invoice;

BBR(p) = Bank Bill Rate applicable for period p;

D = number of days in the calendar year in which the Default Levy Settlement Invoice is due; and

N(p) = number of days from (and including) the date of the Payment Default, up to (but excluding) the date of payment for the Default Levy Settlement Invoice.

8 INVOICE PAYMENT

8.1 Payment

8.1.1 The IMO and Rule Participants must settle any outstanding Invoice, in full, through Austraclear. The IMO and Rule Participants may agree an alternative method of payment if Austraclear is temporarily unable.

8.1.2 The Rule Participant must pay the amount owed to IMO by 10:00 AM, on the Settlement Date in accordance with the relevant settlement Invoice. The Rule Participant must make the payment, even if the Rule Participant disagrees with the settlement amount.

8.1.3 If the Rule Participant does not pay the amount owed to the IMO by 10:00 AM, in accordance with step 8.1.2, a Suspension Event will be triggered **[Clause 9.23.1]**.

8.1.4 Upon the IMO being aware of a Suspension Event, where the Suspension Event has not been remedied, the IMO must issue a Cure Notice, in writing and as soon as practical, in accordance with clause 9.23.4(a) of the Market Rules and follow the steps to Draw Upon Credit Support outlined in the *Market Procedure for Prudential Requirements*.

8.1.5 The IMO must pay any amount owed to a Rule Participant by 2:00 PM on the Settlement Date, in accordance with the relevant settlement Invoice. The IMO must make the payment even if a Rule Participant disagrees with a settlement amount.

8.1.6 If the Rule Participant defers collection of the Invoice amount payable by the IMO, they must contact the IMO by email and confirm the collection for another date.

8.1.7 The IMO must not settle any Invoice amount under \$1.00 (Australian Dollar).

9 NOTICES OF DISAGREEMENTS AND DISPUTE

9.1 Notice of Disagreement

9.1.1 In accordance with clause 9.20 of the Market Rules, a Rule Participant may issue a Notice of Disagreement to the IMO in respect of an amount in a settlement statement by the deadline specified in clause 9.16.4(e) of the Market Rules. The IMO prefers to receive correspondence by email to operations@imowa.com.au.

9.1.2 The Notice of Disagreement must include all of the details specified in clause 9.20.4 of the Market Rules.

9.1.3 The IMO must acknowledge receipt of the Notice of Disagreement from the Rule Participant, via email, within one Business Day.

9.1.4 If a Rule Participant has not received an acknowledgement from the IMO in accordance with step 9.1.3 within one Business Day, the Rule Participant must contact the IMO either via email or phone within one Business Day to confirm receipt. The Rule Participant may be required to make arrangements to resubmit the Notice of Disagreement [**Clause 9.20.3**].

9.1.5 A Rule Participant may only issue a Notice of Disagreement in respect of information in a settlement statement that:

- (a) in the case of an initial STEM Settlement Statement or Non-STEM Settlement Statement, the Rule Participant believes the settlement amount differs from the expected results under the Market Rules;
- (b) in the case of an adjusted settlement statement, the Rule Participant believes the settlement amount incorrectly differs from the initial settlement amount; and
- (c) a settlement statement has not been changed in accordance with the resolution of a Notice of Disagreement or Notice of Dispute which the Rule Participant issued to the IMO.

9.1.6 A Rule Participant must not issue a Notice of Disagreement with respect to a STEM Settlement Statement or Non-STEM Settlement Statement more than 20 Business Days after the IMO issues the initial settlement statement [**Clauses 9.16.2(f), 9.16.4.(e) and 9.17.3**].

9.1.7 A Rule Participant must not issue a Notice of Disagreement with respect to an adjusted STEM Settlement Statement or Non-STEM Settlement Statement more than nine calendar months after the IMO issues the initial settlement statement [**Clause 9.19.7**].

9.1.8 Where a Rule Participant issues a Notice of Disagreement to the IMO in relation to information provided by a Metering Data Agent or System Management, the IMO must notify the Metering Data Agent or System Management of the disagreement in writing, in accordance with clause 9.20.5 of the Market Rules.

9.1.9 The Metering Data Agent and System Management must comply with any request for information from the IMO regarding a Notice of Disagreement, in accordance with clause 9.20.5 of the Market Rules.

- 9.1.10 Where a Rule Participant issues a Notice of Disagreement to the IMO in relation to information developed by the IMO, the IMO must review and revise that information as applicable in accordance with clause 9.20.6 of the Market Rules.
- 9.1.11 The IMO must, as soon as practicable, but no later than three months after acknowledging receipt of a Notice of Disagreement under step 8.1.3, provide a response to the Rule Participant in writing. This response must detail the actions the IMO will undertake in response to the Notice of Disagreement, for example, those prescribed in clause 9.20.7(a) to (c) of the Market Rules.

9.2 Notice of Dispute

- 9.2.1 Where a Rule Participant is not satisfied with the IMO's response with regard to a Notice of Disagreement in step 9.1.11, the Rule Participant may issue a Notice of Dispute, in writing, to the IMO.
- 9.2.2 A Rule Participant must ensure that the Notice of Dispute contains the information specified in clauses 2.19.2 and 2.19.3 of the Market Rules.
- 9.2.3 A Rule Participant must only issue a Notice of Dispute to the IMO in relation to a settlement statement after:
- (a) a Notice of Disagreement was raised in accordance with the steps in section 9.1; and
 - (b) the IMO provided a response to the Rule Participant under step 9.1.11 and in accordance with clause 9.20.7 of the Market Rules, and the Rule Participant is not satisfied with the outcome.
- 9.2.4 A Rule Participant must not raise a Notice of Dispute with respect to a STEM Settlement Statement or Non-STEM Settlement Statement more than 12 calendar months after the IMO issues the initial settlement statement.
- 9.2.5 A Rule Participant receiving a Notice of Dispute must acknowledge the receipt of a Notice of Dispute, in writing, within two Business Days of receipt of the notice from a Rule Participant.
- 9.2.6 In the first instance, the Dispute Participants must progress the Notice of Dispute through the dispute resolution process in accordance with clauses 2.19.5 to 2.19.7 of the Market Rules.
- 9.2.7 Where a Notice of Dispute is escalated to the second stage of the dispute resolution process the Dispute Participants must progress the dispute in accordance with clause 2.20 of the Market Rules.