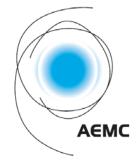
DRAFT RULE



Draft National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006

under the National Electricity Law as applied by:

- (a) the National Electricity (South Australia) Act 1996; and
- (b) the Electricity (National Scheme) Act 1997 of the Australian Capital Territory; and
- (c) the National Electricity (New South Wales) Act 1997 of New South Wales; and
- (d) the Electricity National Scheme (Queensland) Act 1997 of Queensland; and
- (e) the Electricity National Scheme (Tasmania) Act 1999 of Tasmania; and
- (f) the National Electricity (Victoria) Act 1997 of Victoria; and
- (g) the Australian Energy Market Act 2004 of the Commonwealth.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

John Tamblyn

Chairman Australian Energy Market Commission

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National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006

1. Title of Rule

This Rule is the *National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006.*

2. Commencement

This Rule commences operation on the day the notice of the making of the Rule is published in the South Australian Government Gazette.

3. Amendment of the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4. Notes

Notes do not form part of this Rule.

Schedule 1 Amendment of National Electricity Rules

(Clause 3)

[1] Clause 3.6.5 Settlements residue due to network losses and constraints

In clause 3.6.5(a)(4), omit the word "if" where firstly occurring and substitute the words "subject to clause 3.6.5(c), if".

[2] Clause 3.6.5

After clause 3.6.5(a)(4) insert:

- (4A) subject to clause 3.6.5(c), if the *settlements residue* arising in respect of a *trading interval*, after taking into account any adjustment in accordance with clause 5.7.7(aa)(3) or (ab), is a negative amount, then:
 - (i) the whole or any part of the amount may be recovered from positive *settlements residue* amounts arising in the *billing period* in which the negative *settlements residue* arose; and
 - (ii) if the whole or a part of the amount is not recoverable under clause 3.6.5(a)(4A)(i), the unrecovered amount may be recovered from the proceeds of the first *auction* after that *billing period*; and
 - (iii) if the whole or a part of the amount is recoverable under neither clause 3.6.5(a)(4A)(i) nor clause 3.6.5(a)(4A)(ii), the unrecovered amount may be recovered from the proceeds of successive *auctions* until the negative amount is recovered.

[3] Clause 3.6.5

After clause 3.6.5(b) insert:

- (c) Subject to clause 11.1.1:
 - (i) clause 3.6.5(a)(4) does not have effect during the period commencing on [to be specified] and ending the last moment of [to be specified], but comes into effect again at the end of that period; and
 - (ii) clause 3.6.5(a)(4A) expires at the end of that period.

[4] Clause 3.18.4 Proceeds and fees

In clause 3.18.4(a)(1), omit the word "the" and substitute the words "subject to clause 3.6.5(a)(4A),".

[5] Chapter 11 Savings and Transitional Rules

After Chapter 10 insert:

Chapter 11 Savings and Transitional Rules

11.1 Rules consequent on making of the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006

11.1.1 Recovery of accrued negative settlements residue

- (a) Clause 3.6.5(a)(4), as in force immediately before the date the National Electricity Amendment (Negative Inter-Regional Settlements Residue) Rule 2006 commences operation, continues to apply to any negative *settlements residue* amounts arising before and not recovered as at that date, until all such negative amounts have been recovered.
- (b) Clause 3.6.5(a)(4A), as in force immediately before its expiry, continues to apply to any negative *settlements residue* amounts arising on or after the date referred to in clause 11.1.1(a) but before its expiry and not recovered as at the date of its expiry, until all such amounts have been recovered.