

REALLOCATION PROCEDURE: SWAP AND OPTION OFFSET REALLOCATIONS

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Version Control

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1.2 Final	19 November 2007	Updated based on responses from second stage of consultation and published with Final Determination
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2.0 Draft	15 February 2011	Draft Procedure amended and published for Rules Consultation: <ul style="list-style-type: none"> • to implement AEMC recommendation that confirmation of an underlying contract for ex ante reallocations be included, • to correct “validation rules” descriptions within Table 1 and Table 2. • to change the title of Credit Limit Methodology • to remove unused terms within the Glossary
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1. INTRODUCTION

1.1 Introduction

1. This Reallocation Procedure: Swap & Option Offset Reallocations (“Procedure”) is made in accordance with Rule 3.15.11A.
2. This Procedure commences on <To be determined>.
3. This Procedure may only be amended in accordance with Rule 3.15.11A(b).
4. If there is any inconsistency between this Procedure and the Rules, the Rules will prevail to the extent of that inconsistency.

1.2 Purpose

The purpose of this document is to set out a procedure to enable *reallocation requests* to be lodged and registered for reallocations based on an offset calculated as a swap, cap or floor.

1.3 Application of this Procedure

This Procedure applies to reallocation requests and reallocation transactions.

1.4 Enforceability of the Procedures

This Procedure is enforceable in accordance with Rules 3.15.11 and 3.15.11A.

1.5 Definitions and Interpretation

1. In this Procedure, a word or phrase in *this style* has a meaning set out opposite that word or phrase in the Glossary (Schedule 1) of this Procedure.
2. If a word or phrase in *this style* is not defined in the Glossary, the term has the same meaning as given to that term in the Rules; and references to “Rule” followed by a number refer to clauses in the Rules.
3. In this Procedure, unless the context otherwise requires, this Procedure shall be interpreted in accordance with Schedule 2 of the National Electricity Law.

2. OVERVIEW OF REALLOCATIONS

A reallocation is a Rules-supported financial arrangement between two *Market Participants* and *AEMO*. The reallocation normally represents an off-market financial commitment, such as a hedge contract.

The Rules define a reallocation as:

A process under which two *Market Participants* request *AEMO* to make matching debits and credits to the position of those *Market Participants* with *AEMO*.

A *reallocation request* is an instruction lodged with *AEMO* to initiate a *reallocation transaction*, and according to Rule 3.15.11(d) must:

1. contain the information required by the *reallocation procedures*; and
2. be lodged with *AEMO* in accordance with the *reallocation procedures* and the timetable for *reallocation requests* as published by *AEMO* from time to time (the *reallocation timetable*).

Reallocation requests may be submitted either before a specified *trading interval* has occurred (referred to as a “*prospective reallocation*” or “*ex ante reallocation*”) or after the specified *trading interval* has occurred (referred to as “*ex post reallocation*”).

Prospective reallocations that are submitted according to the *ex ante timetable* are included in the determination of a *Market Participant’s maximum credit limit* and *prudential margin*. This enables reallocations to be used to reduce a *Market Participant’s* credit support requirements under the Rules.

A *reallocation transaction* is defined in Rule 3.15.11(a) as:

A reallocation transaction is a *transaction* undertaken with the consent of two *Market Participants* and *AEMO* under which *AEMO* credits one *Market Participant* with a positive *trading amount* in respect of a *trading interval*, in consideration of a matching negative *trading amount* debited to the other *Market Participant* in respect of the same *trading interval*.

Rule 3.15.11(c) permits *AEMO* to specify the permitted types of *reallocation transactions*. It states:

Reallocation transactions may be of any type permitted in the reallocation procedures.

This Procedure permits three types of *reallocation transactions*:

1. Swap Offset

This reallocation specifies a half-hourly energy profile and a *strike price*, and uses the half-hourly regional reference price for the nominated region to determine a *trading amount* for each *trading interval*. This allows a hedge contract based on a swap to be represented as a reallocation.

2. Cap Offset

This reallocation specifies a half-hourly energy profile and a *strike price*, and calculates a non-zero trading amount when the half-hourly regional reference price for the nominated region exceeds the *strike price*. This allows a hedge contract based on a cap to be represented as a reallocation.

3. Floor Offset

This reallocation specifies a half-hourly energy profile and a *strike price*, and calculates a non-zero trading amount when the half-hourly regional reference price for the nominated region is less than the *strike price*. This allows a hedge contract based on a floor to be represented as a reallocation.

3. REALLOCATION REQUEST SERVICE

AEMO provides a web-based self service facility to enable *Market Participants* to manage their reallocations (referred to as the “*Reallocation Request Service*”).

1. All *reallocation requests* must be submitted and authorised through the *Reallocation Request Service*.
2. A *Market Participant* can only view *reallocation requests* for which they are a related party.

4. LETTER OF AGREEMENT

Prior to a *Market Participant* being able to use the *Reallocation Request Service*, a *Letter of Agreement* must be executed between the *Market Participant* and *AEMO*. As a reallocation

involves two *Market Participants*, both *Market Participants* must have executed a *Letter of Agreement* (between themselves and AEMO) before the reallocation can be submitted.

1. A *Market Participant* must execute a *Letter of Agreement* with AEMO before they can submit a reallocation request.
2. The execution of a *Letter of Agreement* with AEMO is only required once. All subsequent reallocation requests with any counter party are covered by this *Letter of Agreement*.
3. An executed *Letter of Agreement* is required for both *Market Participants* (i.e. credit and debit party) involved in a reallocation request.
4. The *Market Participant* must complete and execute two copies of the *Letter of Agreement*, and forward them to AEMO. A template of the *Letter of Agreement* is provided in Schedule 2, and a suggested cover letter is also supplied in Schedule 3.
5. Upon receipt of the *Letter of Agreement*, AEMO will execute both copies. One copy will be retained by AEMO, and the other returned to the *Market Participant*.
6. Once the *Letter of Agreement* has been executed, AEMO will configure the Reallocation Request Service to enable the *Market Participant* to submit reallocation requests.

5. LODGEMENT PROCESS

5.1 Submission

1. Reallocation requests are submitted using the Reallocation Request Service.
2. A reallocation request can be submitted by either the credit or debit party.
3. A reallocation request must be submitted according to the reallocation timetable (refer to Section 6).
4. Where a reallocation request applies to any *trading intervals* in the future, the party submitting the request must confirm there is a contractual arrangement between the credit and debit party which underpins the reallocation for the entire period of the reallocation request. If the contractual arrangement is terminated during the period of the reallocation request, the party who submitted the request must immediately notify AEMO that they require the request to be deregistered in accordance with Rule 3.15.11(f).
5. The Reallocation Request Service allows a reallocation request to be submitted either through the entry of data on a web-based interface, or by uploading a CSV file that contains the submission details to a web-based interface.
6. Table 1 specifies the data to be submitted with a reallocation request. Data identified as “Mandatory” must always be provided.
7. The Reallocation Request Service will validate the data provided, and the reallocation request can only be submitted if the data supplied meets the “validation rules” defined in Table 1.

Data Item	Type	Description	Validation Rules
Credit Participant ID	Mandatory	The <i>Market Participant</i> who will receive credit (i.e. positive) <i>reallocation</i> amounts for: <ul style="list-style-type: none"> • <i>Cap and Floor Offset</i>, • <i>Swap Offset</i> when the <i>regional reference price</i> is greater than the <i>strike price</i> 	Must be a valid <i>Participant ID</i> for which a <i>Letter of Agreement</i> has been executed
Debit Participant ID	Mandatory	The <i>Market Participant</i> who will receive debit (i.e. negative) <i>reallocation</i> amounts for: <ul style="list-style-type: none"> • <i>Cap and Floor Offset</i>, • <i>Swap Offset</i> when the <i>regional reference price</i> is greater than the <i>strike price</i> 	Must be a valid <i>Participant ID</i> for which a <i>Letter of Agreement</i> has been executed
Region ID	Mandatory	The market region to be used to determine the dollar value of the reallocation	Must be a valid market <i>Region ID</i>
Agreement Type	Mandatory	Specifies the reallocation as either <i>Swap</i> , <i>Cap</i> or <i>Floor Offset</i>	Must be either "SWAP" (<i>Swap Offset</i>), "CAP" (<i>Cap Offset</i>), or "FLOOR" (<i>Floor Offset</i>)
Credit Reference	Optional	Freeform text supplied by the credit participant	None
Debit Reference	Optional	Freeform text supplied by the debit participant	None
Day Type	Mandatory	Specifies which <i>trading intervals</i> the reallocation applies to	Must be either "FLAT", "BUSINESS", or "NON_BUSINESS"
Start Date	Mandatory	The date of the first <i>trading interval</i> (interval starting 00:00) to which the reallocation applies	Must be a valid date in accordance with <i>reallocation timetable</i>
End Date	Mandatory	The date of the last <i>trading interval</i> (interval starting 23:30) to which the reallocation applies	Must be a valid date in accordance with <i>reallocation timetable</i>
Period ID (1-48)	Mandatory	The Period ID (1-48) to which the value applies	Must be 48 periods specified

Data Item	Type	Description	Validation Rules
Values (1-48)	Mandatory	The energy quantity of the reallocation for each Period ID (1-48)	Must be a real number for each of the 48 periods
<i>Strike Price</i> (1-48)	Mandatory	The <i>strike price</i> of the reallocation for each Period ID (1-48)	Must be a real number for each of the 48 periods
Contractual Arrangement	Mandatory	Confirms that there is a contractual arrangement between the parties	Must be confirmed if reallocation request applies to any trading intervals in the future

 TABLE 1 – DATA REQUIRED FOR SUBMISSION OF A *REALLOCATION REQUEST*

5.2 Authorisation

1. Reallocation requests are authorised using the Reallocation Request Service.
2. A reallocation request can only be authorised by the party to the reallocation request (i.e. the Credit Participant ID or Debit Participant ID) other than the party that submitted the reallocation request).
3. A reallocation request must be authorised in accordance with the reallocation timetable (refer to Section 6).
4. Where a reallocation request applies to any *trading intervals* in the future, the party authorising the request must confirm there is a contractual arrangement between the credit and debit party which underpins the reallocation for the entire period of the reallocation request. If the contractual arrangement is terminated during the period of the reallocation request, the party who authorised the request must immediately notify AEMO that they require the request to be deregistered in accordance with Rule 3.15.11(f).
5. A reallocation request is authorised by the entry of data on a web-based interface. A facility to upload the reallocation request details is not available for authorisation.
6. Table 2 specifies the data to be submitted with the authorisation of a reallocation request. Data identified as “Mandatory” must always be provided.
7. The Reallocation Request Service will validate the data provided, and the reallocation request will only be authorised if the data supplied meets the “validation rules” defined in Table 2.

Data Item	Type	Description	Validation Rules
Credit Participant ID	Mandatory	The <i>Market Participant</i> who will receive credit (i.e. positive) <i>reallocation amounts</i> for: <ul style="list-style-type: none"> • <i>Cap and Floor Offset</i> • <i>Swap Offset</i> when the <i>regional reference price</i> is greater than the <i>strike price</i> 	Must be identical to submitted <i>reallocation request</i>

Data Item	Type	Description	Validation Rules
Debit Participant ID	Mandatory	The <i>Market Participant</i> who will receive debit (i.e. negative) <i>reallocation amounts</i> for: <ul style="list-style-type: none"> • <i>Cap and Floor Offset</i>, • <i>Swap Offset</i> when the <i>regional reference price</i> is greater than the <i>strike price</i> 	Must be identical to submitted <i>reallocation request</i>
Region ID	Mandatory	The market region to be used to determine the dollar value of the reallocation	Must be identical to submitted <i>reallocation request</i>
Agreement Type	Mandatory	Specifies the reallocation as either <i>Swap, Cap</i> or <i>Floor Offset</i>	Must be identical to submitted <i>reallocation request</i>
Debit Reference	Optional	Freeform text supplied by the debit participant	None
Day Type	Mandatory	Specifies which <i>trading interval</i> dates the reallocation applies to	Must be identical to submitted <i>reallocation request</i>
Start Date	Mandatory	The date of the first <i>trading interval</i> (interval starting 00:00) to which the reallocation applies	Must be identical to submitted <i>reallocation request</i>
End Date	Mandatory	The date of the last <i>trading interval</i> (interval starting 23:30) to which the reallocation applies	Must be identical to submitted <i>reallocation request</i>
Reallocation Total	Mandatory	The total of the period values of the reallocation plus the total of the period <i>strike prices</i> of the reallocation.	Must be equal to the sum of the values and <i>strike prices</i> for Period ID 1-48 in the submitted <i>reallocation request</i>
Contractual Arrangement	Mandatory	Confirms that there is a contractual arrangement between the parties	Must be confirmed if reallocation request applies to any trading intervals in the future

 TABLE 2 – DATA REQUIRED FOR AUTHORISATION OF A *REALLOCATION REQUEST*

5.3 Registration

1. For the purposes of Rule 3.15.11(e), a *reallocation request* that has been authorised in accordance with Section 5.2 will be automatically registered by the *Reallocation Request Service*.
2. AEMO may not register a *reallocation request* that has been authorised as an *ex post reallocation* where as a consequence of the *reallocation transaction* either the credit or debit party would have an *outstandings* greater than their *trading limit*. Where a *reallocation request* has not been registered, the *Reallocation Request Service* will advise the party performing the authorisation, and the *reallocation request* will be marked as cancelled.

5.4 Expiry & Cancellation

1. A *reallocation request* that has been submitted but not authorised may be cancelled by the initiating *Market Participant*.
2. A *reallocation request* that has been submitted but not authorised, and which is no longer in accordance with the *reallocation timetable*, will be automatically expired by the *Reallocation Request Service*.
3. A cancelled or expired *reallocation request* cannot be registered, and therefore cannot form the basis of a *reallocation transaction*.
4. A registered *reallocation request* cannot be cancelled. If the affected *Market Participants* no longer require *reallocation transactions* relating to that *reallocation request*, the reversal process must be used (refer to Section 7.1)

6. REALLOCATION TIMETABLE

6.1 Introduction

1. This section sets out the details that constitute the *reallocation timetable* AEMO is required to publish in accordance with Rule 3.15.11(d)(2).
2. A *reallocation request* must be lodged according to either the *ex ante timetable* or *ex post timetable*.

6.2 Ex Ante Timetable

1. The *ex ante timetable* is used for prospective reallocation requests.
2. A prospective reallocation request must be registered (i.e. submitted and authorised) before the close of business on the 7th business day prior to the earliest trading interval specified in the reallocation request.
3. A reallocation request that is registered in accordance with the *ex ante timetable* may be considered by AEMO in any determination of maximum credit limit or prudential margin with respect to the period of the reallocation request¹.

6.3 Ex Post Timetable

1. The *ex post timetable* is used for *ex post* reallocation requests.

¹ The way in which the *reallocation request* is used in this context is specified in AEMO's "Credit Limits Methodology" document located on the AEMO website at: <http://www.aemo.com.au/electricityops/prudentials.html>

2. An ex post reallocation request must be registered (i.e. submitted and authorised) before the close of business on the 16th business day after the earliest trading interval specified in the reallocation request.
3. A reallocation request that has been submitted but not authorised as a prospective reallocation request according to the ex ante timetable, may be authorised (and registered) according to the ex post timetable. The reallocation request is then considered to be an ex post reallocation.

6.4 Registration Timetable

As specified in Section 5.3, the *Reallocation Request Service* automatically registers a *reallocation request* upon completion of authorisation. Consequently for the purposes of Rule 3.15.11(e), there is no time required for a *reallocation request* to be registered.

7. REVERSAL AND DEREGISTRATION

7.1 Reversal

As specified in Rule 3.15.11(i), *Market Participants* may reverse the effect of a *reallocation request* by the registration of a new *reallocation request* with identical details and either the credit and debit parties reversed, or the sign of energy quantity (Value item in Table 1) reversed.

7.2 Deregistration

As specified in Rule 3.15.11(f), *AEMO* may deregister a *reallocation request* in respect of two *Market Participants* in the following circumstances:

1. the *prudential requirements* are not satisfied by either of those *Market Participants*;
2. either of the *Market Participants* fails to comply with any conditions imposed by *AEMO* in respect of the *reallocation request* at the time it was registered;
3. both *Market Participants* notify *AEMO* in accordance with the *reallocation procedures* that they require the *reallocation request* to be terminated;
4. a *default event* occurs in respect of either of the *Market Participants* and *AEMO* exercises its powers under paragraph (l).

Rule 3.15.11(l) states:

If a *default event* occurs in relation to a party to a *reallocation request* when one or more of the *trading intervals* specified in the *reallocation request* has not occurred, *AEMO* may deregister the *reallocation request* by notice given at any time whilst the *default event* is subsisting.

8. REALLOCATION TRANSACTIONS

1. For each registered *reallocation request* in respect of a *trading interval*, a *reallocation transaction* is performed. The *trading amount* of the *Market Participant* designated the credit party is equal to the *reallocation amount* calculated in clauses (b) to (d). The *trading amount* of the *Market Participant* designated the debit party is equal to the negative of the *reallocation amount* calculated in clauses (b) to (d).
2. For a *swap offset* reallocation request (i.e. where the *agreement type* of a *reallocation request* is specified as “SWAP”), the *reallocation amount* of the *reallocation transaction* is calculated according to:

$$RA_{TI} = V_{PI} \times (RRP_{R,TI} - S_{PI})$$

where:

- RA_{TI} is the *reallocation amount* (either positive, negative or zero) with respect of the *trading interval* TI
- V_{PI} is the energy value specified in the *reallocation request* for the period PI, where PI is the equivalent Period ID (1-48) for the *trading interval* TI
- S_{PI} is the strike price value specified in the *reallocation request* for the period PI, where PI is the equivalent Period ID (1-48) for the *trading interval* TI
- $RRP_{R,TI}$ is the regional reference price for trading interval TI in respect to the market region R that was specified in the *reallocation request*
- TI is a *trading interval* between the Start Date and End Date of the *reallocation request*, and where the date of the *trading interval* matches the day type of the *reallocation request* according to the rules specified in clause (e)

3. For a *cap offset* reallocation request (i.e. where the *agreement type* of a *reallocation request* is specified as “CAP”), the *reallocation amount* of the *reallocation transaction* is calculated according to:

$$RA_{TI} = V_{PI} \times (RRP_{R,TI} - S_{PI}) \quad \text{if } RRP_{R,TI} > S_{PI}$$

$$RA_{TI} = 0 \quad \text{if } RRP_{R,TI} \leq S_{PI}$$

where:

- RA_{TI} is the *reallocation amount* (always positive or zero) with respect of the *trading interval* TI
- V_{PI} is the energy value specified in the *reallocation request* for the period PI, where PI is the equivalent Period ID (1-48) for the *trading interval* TI
- S_{PI} is the strike price value specified in the *reallocation request* for the period PI, where PI is the equivalent Period ID (1-48) for the *trading interval* TI
- $RRP_{R,TI}$ is the regional reference price for trading interval TI in respect to the market region R that was specified in the *reallocation request*
- TI is a *trading interval* between the Start Date and End Date of the *reallocation request*, and where the date of the *trading interval* matches the day type of the *reallocation request* according to the rules specified in clause (e)

4. For a *floor offset* reallocation request (i.e. where the *agreement type* of a *reallocation request* is specified as “FLOOR”), the *reallocation amount* of the *reallocation transaction* is calculated according to:

$$RA_{TI} = V_{PI} \times (S_{PI} - RRP_{R,TI}) \quad \text{if } RRP_{R,TI} < S_{PI}$$

$$RA_{TI} = 0 \quad \text{if } RRP_{R,TI} \geq S_{PI}$$

where:

- RA_{TI} is the *reallocation amount* (always positive or zero) with respect of the *trading interval TI*
- V_{PI} is the energy value specified in the *reallocation request* for the period PI, where PI is the equivalent Period ID (1-48) for the *trading interval TI*
- S_{PI} is the strike price value specified in the *reallocation request* for the period PI, where PI is the equivalent Period ID (1-48) for the *trading interval TI*
- $RRP_{R,TI}$ is the regional reference price for trading interval TI in respect to the market region R that was specified in the *reallocation request*
- TI is a *trading interval* between the Start Date and End Date of the *reallocation request*, and where the date of the *trading interval* matches the day type of the *reallocation request*

5. A *trading interval* is considered to match the *day type* of the *reallocation request* based on the rules defined in Table 3.

Date Of Trading Interval	Day Types
A <i>business day</i> as defined in the Rules	FLAT, BUSINESS
Any day that is not a <i>business day</i> .	FLAT, NON_BUSINESS

TABLE 3 – RULES FOR DETERMINING APPLICABLE *TRADING INTERVALS*

9. INDEMNIFICATION ARRANGEMENTS

Rule 3.15.11A(a) states that AEMO may establish “mutual indemnification arrangements with other operators of markets for electricity-based trading”, either in addition to or in lieu of *reallocation procedures*. With respect to this Procedure, no indemnification arrangements are required or specified.

SCHEDULE 1: GLOSSARY

Defined Term	Definition
<i>agreement type</i>	Specifies whether the <i>reallocation request</i> is based on <i>Swap Offset</i> ("SWAP"), <i>Cap Offset</i> ("CAP") or <i>Floor Offset</i> ("FLOOR")
<i>day type</i>	Specifies which <i>trading intervals</i> a <i>reallocation request</i> is to apply, either FLAT, BUSINESS or NON_BUSINESS
<i>cap offset</i>	The meaning ascribed in Section 2 of this procedure
<i>ex ante reallocation</i>	Refer to Rules definition of <i>prospective reallocation</i> .
<i>Ex ante timetable</i>	The <i>reallocation timetable</i> that is applicable to the lodgement of <i>ex ante reallocations</i>
<i>ex post reallocation</i>	A <i>reallocation transaction</i> that occurs in a <i>trading interval</i> that takes place at a time before the <i>reallocation request</i> is made.
<i>Ex post timetable</i>	The <i>reallocation timetable</i> that is applicable to the lodgement of <i>ex post reallocations</i>
<i>floor offset</i>	The meaning ascribed in Section 2 of this procedure
<i>Letter of Agreement</i>	An executed agreement between a <i>Market Participant</i> and AEMO allowing the <i>Reallocation Request Service</i> to be used to facilitate <i>reallocation requests</i>
<i>Participant ID</i>	An identifier used by AEMO's Market Management System to represent a <i>Registered Participant</i>
<i>Reallocation Request Service</i>	The web-based interface provided by AEMO to allow <i>Market Participants</i> to submit, authorise and view their <i>reallocation requests</i>
<i>reallocation timetable</i>	The timetable referred to in Rule 3.15.11(d)(2)
<i>Region ID</i>	An identifier used by AEMO's Market Management System to represent a market region
<i>strike price</i>	A price value for each period that is used along with the regional reference price in determining the <i>trading amount</i>
<i>swap offset</i>	The meaning ascribed in Section 2 of this procedure

SCHEDULE 2: LETTER OF AGREEMENT

LETTER OF AGREEMENT

The Purpose of this Letter of Agreement is to facilitate the processing of reallocation transactions under clause 3.15.11 of the Rules. AEMO requires that reallocation requests be offered for registration under the terms set out below. Consent to these terms is given by completing, signing and forwarding this document to AEMO.

AEMO DETAILS ("AEMO")

Name: Australian Energy Market Operator Limited

ABN: 94 072 010 327

PARTICIPANT DETAILS ("Participant")

Participant Name: _____

Participant ABN: _____

Authorised User ID: _____

Your signature on this Letter of Agreement acknowledges that you have all power and authority to enter into this Letter Agreement on behalf of the Participant and the Participant agrees to be bound by the terms and conditions of this Letter of Agreement as set out overleaf

Signed for and on behalf of Participant by:

Signed for and on behalf of AEMO by:

Authorised Signature

Authorised Signature

Name (Please Print)

Name (Please Print)

Title

Title

Date

Date

1. DEFINITIONS

For the purposes of this Letter of Agreement:

“**Authorised User ID**” means the designated user account nominated by the Participant for the purposes of sending reallocation requests under this Letter Agreement.

“**Reallocation Request Service**” means the electronic browser-based facility for the creating, submitting and authorising of reallocation requests to be sent for validation by AEMO.

2. REALLOCATION SERVICE

- 2.1. Participant agrees to create, submit and authorise reallocation requests using the Reallocation Request Service in accordance with the terms of this letter agreement.
- 2.2. A reallocation request is not valid unless it has been accepted electronically by the Reallocation Request Service. If the Reallocation Request Service is not functioning then temporary alternative arrangements for lodging and authorising urgent requests may be agreed with AEMO.
- 2.3. All reallocation requests are to comply with clause 3.15.11 of the National Electricity Rules and be in the form as determined by AEMO from time to time,
- 2.4. AEMO will act on a Participant’s reallocation request only if the request has been authorised by another Market Participant within the timetable set out in AEMO’s reallocation request procedures.
- 2.5. A reallocation request submitted to or authorised in the Reallocation Request Service under this Letter of Agreement is deemed to comprise execution of the reallocation request submitted or authorised by the participant, for the purposes of clause 3.15.11 of the National Electricity Rules.
- 2.6. Nothing in this Letter of Agreement fetters AEMO’s powers, obligations or discretions under clause 3.15.11 of the National Electricity Rules.

3. AUTHORISED USER

- 3.1. All reallocation requests sent to AEMO must be submitted or authorised under the Authorised User’s ID only.
- 3.2. Participant is responsible for creating and maintaining user name(s), password(s) and account designation(s) for the authorised user. Participant is responsible for maintaining the confidentiality of the user name(s), password(s) and account(s), and is fully responsible for all activities that occur under Participant’s user name(s), password(s) or account(s). Participant agrees to:
 - a) immediately notify AEMO of any unauthorised use of Participant’s user name(s), password(s) or account designation(s) or any other breach of security; and

- b) ensure that the Authorised User name(s), password(s) and account(s) are only used by persons authorised by Participant.

3.3. AEMO cannot and will not be liable for any loss or damage arising from unauthorised use of the authorised user username(s), password(s) or account(s).

4. AEMO'S LIABILITY

4.1. AEMO provides the Reallocation Request Service without any warranties or guarantees. The Participant must bear all reasonable risks associated with the use of the Reallocation Request Service

4.2. To the extent permitted by law, AEMO excludes liability for all losses, costs, damages and expenses incurred or suffered by the Participant or any third party directly or indirectly from Participant's use of the Reallocation Request Service, whether arising in contract, tort (including without limitation negligence), in equity, under statute, under an indemnity or on any other basis including, without limitation, liability in connection with:

- a) any errors, inaccuracies or omissions in the material and data communicated via the Reallocation Request Service and the Participant's reliance on such material or data;
- b) loss or disclosure of Participant specific data;
- c) any technical problems the Participant may experience with the Reallocation Request Service;
- d) incompatibility of the Reallocation Request Service with any of Participant's equipment, software or telecommunications links;
- e) technical problems including errors or interruptions of the Reallocation Request Service;
- f) unsuitability, unreliability or inaccuracy of the Reallocation Request Service; and
- g) inadequacy of the Reallocation Request Service to meet Participant's requirements.

5. GOVERNING LAW

This Letter of Agreement is governed by and shall be construed in accordance with the laws of Victoria and the parties irrevocably submit to the non-exclusive jurisdiction of the courts of Victoria.

SCHEDULE 3: SUGGESTED COVER LETTER

COMPANY LETTERHEAD

Date: DD Month YYYY

Senior Manager Metering and Settlements
AEMO Ltd
Level 22,
6 O'Connell Street
Sydney NSW 2000

Dear Sir/Madam

Letter of Agreement - Reallocation Request

Please find enclosed two signed Letter of Agreements for <Name of Company> the submission and authorisation of reallocation requests to AEMO via the Reallocation Request Service.

<Name of Company> nominate the below staff members as the authorised contact/s for managing security of the reallocation request service client user account.

	Staff member	E-mail address
Primary Contact		
Back-up Contact		

<Name of Company> will notify AEMO if the above details change.

It is understood that AEMO will sign both agreements and forward one to:

<Name of Person>
<Title>
<Name of Company>
<Address>
<Address>
<Address>

Yours sincerely

Position title