

COMPARISON OF PROPOSED PART 14 (CLEARING AND SETTLEMENT) AND CURRENT CLEARING AND SETTLEMENT REQUIREMENTS IN PART 14

Proposed new provision	Related current provision	Comments
<p>14.1 Contents of this Part This Part provides for—</p> <ul style="list-style-type: none"> (a) the sale and purchase of electricity to and from the clearing manager; and (b) the calculation and invoicing of amounts owing to and by the clearing manager for electricity, ancillary services, FTRs, and other payments that may be received or paid by the clearing manager; and (c) the settlement of amounts payable under this Part; and (d) processes and remedies for an event of default; and (e) obligations of the clearing manager in relation to clearing and settlement, including reporting obligations and requirements for the operating account that must be established and held by the clearing manager. 	<p>14.1 Contents of this Part This Part provides for—</p> <ul style="list-style-type: none"> (a) the process for setting and administering prudential requirements of payers; and (b) the processes for the settlement of ex-post balances in relation to the sale and purchase of electricity and ancillary services under this Code; and (c) how contracts for the sale and purchase of electricity are to be formed, the payments to the clearing manager for electricity purchased by purchasers and the payments from the clearing manager to generators for their supply of electricity; and (d) payments to the clearing manager for ancillary services purchased by payers and payments from the clearing manager to ancillary service agents for their supply of ancillary services and payments from the clearing manager to the system operator for ancillary service administrative costs; and (e) further payments that may be received or paid by the clearing manager, such as the settlement of hedge settlement agreements lodged with the clearing manager. 	<p>Changes to reflect the new structure of, and terminology used in, the Part, simplify the drafting, and remove references to prudential requirements (which are proposed to be included in a new Part 14A).</p>
<p>14.2 Sale and purchase of electricity</p> <ul style="list-style-type: none"> (1) The clearing manager must— <ul style="list-style-type: none"> (a) purchase electricity sold to the clearing manager in accordance with clauses 14.[3] to 14.[5]; and (b) sell electricity purchased from the clearing manager in accordance with clause 14.[6]. (2) Each generator must sell electricity in accordance with clauses 14.[3] and 14.[4]. 	<p>14.30 Mandatory sale by generators with point of connection to the grid</p> <ul style="list-style-type: none"> (2) The clearing manager must purchase electricity as set out in this Code. <p>14.31 Sale by generators with point of connection to local network or embedded network</p> <ul style="list-style-type: none"> (2) The clearing manager or participant must purchase the electricity as set out in this Code. 	<p>Drafting changes/clarifications. This clause essentially summarises new clauses 14.3 to 14.7.</p>

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<p>(3) Each purchaser must purchase electricity in accordance with clause 14.[6].</p> <p>(4) Each participant who sells or purchases electricity through a local network or embedded network must sell and purchase the electricity in accordance with clauses 14.[4], 14.[5], and 14.[7].</p> <p>(5) The amount owing for electricity purchased under this Part must be determined in accordance with clause 14.[8].</p>	<p>14.32 On sale by participants</p> <p>(1) ...The clearing manager must purchase the electricity as set out in this Code.</p> <p>14.33 Mandatory purchase of offtake through point of connection with the grid</p> <p>... The clearing manager must sell the electricity as set out in this Code.</p>	
<p>14.3 Sale by generators with point of connection to grid</p> <p>(1) This clause applies to each generator who has a generating station or generating unit with a point of connection to the grid.</p> <p>(2) Each generator to whom this clause applies must sell to the clearing manager all electricity generated by the generator's generating station or generating unit injected through a point of connection to the grid.</p>	<p>14.30 Mandatory sale by generators with point of connection to the grid</p> <p>(1) Each generator that has a generating station or generating unit with a point of connection to the grid must sell to the clearing manager the electricity generated by that generating station or generating unit injected during a trading period through a point of connection with the grid and reconciled in accordance with this Code.</p> <p>(2) The clearing manager must purchase electricity as set out in this Code.</p>	<p>Drafting changes/clarifications. Clause 14.30(2) has been moved to clause 14.2 (see above).</p>
<p>14.4 Sale by generators with point of connection to local network or embedded network</p> <p>(1) This clause—</p> <p>(a) applies to each generator who has an embedded generating station; but</p> <p>(b) does not apply to a generator in respect of an embedded generating station in relation to a point of connection for which a notification under clause 15.14 is in force.</p> <p>(2) Each generator to whom this clause applies must sell all electricity generated by the embedded generating station and injected through a point of connection with the local network or embedded network to—</p> <p>(a) the clearing manager; or</p> <p>(b) a participant trading on the local network or</p>	<p>14.31 Sale by generators with point of connection to local network or embedded network</p> <p>(1) Each generator that has an embedded generating station (other than an embedded generating station in relation to a point of connection for which a notification under clause 15.14 is in force) must sell, to either the clearing manager or a participant trading on the local network or embedded network to which the embedded generating station is connected, the electricity generated by that embedded generating station and injected during a trading period through a point of connection with the local network or embedded network and reconciled in accordance with this Code.</p> <p>(2) The clearing manager or participant must purchase the</p>	<p>Drafting changes/clarifications. Clause 14.31(2) has been moved to clause 14.2 (see above).</p>

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<p>embedded network.</p> <p>(3) Despite anything to the contrary in this Code, the relevant point of connection to the grid is, for the purposes of reconciliation under this Code, deemed to be a grid injection point.</p>	<p>electricity as set out in this Code.</p> <p>(3) Despite anything to the contrary in this Code, the relevant point of connection with the grid is, for the purposes of reconciliation under this Code, deemed to be a grid injection point.</p>	
<p>14.5 On sale by participants If an embedded generator sells electricity to a participant under clause 14.[4], the participant must at the same time on-sell that electricity to the clearing manager.</p>	<p>14.32 On sale by participants (1) If, under clause 14.31, an embedded generator sells electricity to a participant, the participant must at the same time on-sell that electricity to the clearing manager. (2) The price payable by the clearing manager for such electricity is the final price for the relevant trading period for that point of connection plus any constrained on compensation payable in respect of that trading period. (3) The consideration for the sale of electricity by the generator must be determined by the amount paid by the clearing manager to the generator in accordance with clause 14.35.</p>	<p>Minor drafting change to subclause (1). Subclauses (2) and (3) are unnecessary as calculation of amount owing is addressed in new clause 14.10.</p>
<p>14.6 Purchase of offtake through point of connection to grid Each purchaser must purchase from the clearing manager the electricity allocated to the purchaser under Part 15 in respect of a point of connection to the grid.</p>	<p>14.33 Mandatory purchase of offtake through point of connection with the grid Each purchaser must purchase from the clearing manager the electricity taken by the purchaser during a trading period through a point of connection with the grid and reconciled in accordance with this Code. The clearing manager must purchase the electricity as set out in this Code.</p>	<p>Drafting changes/clarifications. Second sentence moved to clause 14.2 (see above).</p>
<p>14.7 Purchase of offtake through local network by embedded generator (1) A generator who purchases electricity at the same point of connection with a local network at which it sells electricity in accordance with clause 14.[4] must purchase the electricity from the same participant to whom it sold its electricity under clause 14.[4].</p>	<p>14.34 Purchase for offtake through local network by embedded generator (1) A generator that purchases electricity at the same point of connection with a local network at which it sells electricity in accordance with clause 14.31 and reconciled in accordance with this Code, must purchase that electricity from the same participant it sold its</p>	<p>Drafting changes/clarifications. Subclause (2) is unnecessary as calculation of amount owing is addressed in new clause 14.10.</p>

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<p>(2) The participant from whom electricity is purchased under subclause (1) must sell the electricity as set out in this Code.</p>	<p>electricity to under clause 14.31. That participant must sell the electricity as set out in this Code.</p> <p>(2) The price payable by the purchaser for such electricity is the final price for the relevant trading period for that point of connection plus any constrained on compensation owing in respect of that trading period.</p>	
<p>14.8 Hedge settlement agreement lodgement</p> <p>(1) If a hedge settlement agreement that is signed by 2 participants is submitted to the clearing manager, subject to subclause (2), it is validly lodged when it is signed by the clearing manager.</p> <p>(2) A hedge settlement agreement must be in the form set out in Schedule 14.[4], or in an alternative form approved by the Authority.</p> <p>(3) When a participant lodges a hedge settlement agreement with the clearing manager, the participant must also provide any other information relating to the hedge settlement agreement that the clearing manager requires.</p> <p>(4) A participant must provide information under subclause (3) in a form prescribed by the clearing manager and notified to participants.</p>	<p>14.5 Acceptable forms of security</p> <p>A payer who is required to provide acceptable security under clause 14.3(1)(b) must—</p> <p>...</p> <p>(e) lodge a hedge settlement agreement with the clearing manager, for settlement by the clearing manager, for the amount required by clauses 14.18 to 14.22. The value of the hedge settlement agreement for prudential purposes must be determined by the clearing manager. Every hedge settlement agreement must be approved by the Authority before it is lodged under this clause, and must be on the terms set out in Schedule 14.5 or as otherwise approved by the Authority, together with any other information reasonably requested by the clearing manager in the format prescribed by the clearing manager and notified to payers from time to time; or</p>	<p>Provisions relating to hedge settlement agreements have been amended and moved from the prudential requirements part of the Code.</p>
<p>14.9 Cancellation of hedge settlement agreement</p> <p>(1) A party to a hedge settlement agreement may only cancel it in the following situations:</p> <p>(a) if neither of the parties to the hedge settlement agreement has committed an event of default that has not been remedied, in accordance with subclause (2):</p> <p>(b) if a party to the hedge settlement agreement has committed an event of default that has not been remedied, in accordance with clause 14.[52].</p> <p>(2) A party to a hedge settlement agreement may cancel</p>	<p>14.15 Hedge settlement agreements</p> <p>If a payer lodges a hedge settlement agreement with the clearing manager under clause 14.5(e), a party to that hedge settlement agreement may only cancel it, or cancel its lodgement with the clearing manager, on giving at least 2 business days' notice to the clearing manager</p>	<p>Changes to situations in which a participant may cancel a hedge settlement agreement. The changes include a change to the notice requirement – from 2 to 90 business days.</p>

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<p>the hedge settlement agreement under subclause (1)(a) if—</p> <p>(a) the parties give the clearing manager at least 90 days' notice of the cancellation and both parties to the hedge settlement agreement agree in writing to the cancellation; or</p> <p>(b) the parties give the clearing manager less than 90 days' notice of the cancellation and the clearing manager agrees to the cancellation in accordance with subclause (3).</p> <p>(3) The clearing manager may agree to the cancellation of a hedge settlement agreement under subclause (2)(b) only if the clearing manager is satisfied that—</p> <p>(a) immediately following the cancellation of the hedge settlement agreement, each party will—</p> <p>(i) continue to meet the requirements in [clause 14A.4(1)]; or</p> <p>(ii) meet the requirements in [clause 14A.3]; and</p> <p>(b) the cancellation of the hedge settlement agreement is not otherwise contrary to the interests of participants to whom an amount is payable under this Part.</p>		
<p>14.10 Amounts owing for electricity</p> <p>(1) The clearing manager must determine the amount owing for electricity purchased under clauses 14.[2] to 14.[7] using the following formula:</p> $Q * P_f$ <p>where</p> <p>Q is the quantity of electricity allocated to the participant for each trading period for each point of connection to the grid determined in accordance with reconciliation information</p> <p>P_f is the final price determined by the pricing</p>	<p>14.40 Content of invoice</p> <p>Invoices issued to payers in accordance with clause 14.36 must specify the following as is relevant to the extent that the clearing manager has received the necessary information:</p> <p>(a) payment under the contracts formed in accordance with clauses 14.30 to 14.35 as determined by the following formula:</p> $Q_f * P_f$ <p>where</p> <p>Q_f is the final quantity of electricity purchased at the relevant grid exit point obtained</p>	<p>Changes due to proposed new structure of Part 14 and change in terminology from "invoices" to "amounts owing". The term "payer" has been removed from this Part and replaced with "participant" or similar, due to the proposed changes to the invoicing provisions in this Part to provide for partial net settlement.</p> <p>The description of Q and P_f have been amended/clarified.</p>

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<p style="text-align: center;">manager for each relevant point of connection to the grid for each trading period</p> <p>(2) The clearing manager must determine the amount owing for electricity sold under clauses 14.[2] to 14.[7] using the following formula:</p> $Q * P_f$ <p>where</p> <p>Q is the quantity of electricity allocated to the participant for each trading period for each point of connection to the grid determined in accordance with reconciliation information</p> <p>P_f is the final price determined by the pricing manager for each relevant point of connection to the grid for each trading period</p> <p>(3) The quantity of electricity bought by a purchaser or sold by a generator under [subpart 1] must be determined in accordance with clauses 15.21 to 15.26.</p> <p>(4) The final price of electricity bought by a purchaser or sold by a generator under [subpart 1] must be determined in accordance with clauses 13.135 and 13.171 to 13.185.</p>	<p style="text-align: center;">from reconciliation information for a trading period of the billing period</p> <p>P_f is the final price at that grid exit point for that trading period of the billing period:</p> <p>...</p> <p>14.45 Content of pro forma invoice</p> <p>Pro forma invoices issued to payees in accordance with clause 14.44 must specify such of the following as is relevant to the extent that the clearing manager has received the necessary information:</p> <p>(a) payment for the contracts formed in accordance with clauses 14.30 to 14.35 as determined by the following formula:</p> $Q_f * P_f$ <p>where</p> <p>Q_f is the final quantity of electricity sold at the relevant grid injection point obtained from reconciliation information for a trading period of the billing period</p> <p>P_f is the final price at that grid injection point for that trading period of the billing period:</p> <p>....</p> <p>14.35 Setting price and quantity</p> <p>The quantity of electricity either bought by a purchaser or sold by a generator under clauses 14.30 to 14.34 must be determined in accordance with clauses 15.21 to 15.26, the final price must be determined in accordance with clauses 13.135 and 13.171 to 13.185 and constrained on compensation must be calculated in accordance with clauses 13.202 to 13.211.</p>	<p>The last part of clause 14.35 (regarding constrained on compensation) has been moved to new clause 14.9.</p>
<p>14.11 Amounts owing for constrained on compensation</p> <p>The clearing manager must determine amounts owing in respect of constrained on compensation in accordance with clauses 13.202 to 13.212.</p>	<p>14.35 Setting price and quantity</p> <p>...and constrained on compensation must be calculated in accordance with clauses 13.202 to 13.211.</p>	<p>Changes due to proposed new structure of Part 14 and change in terminology from "invoices" to "amounts owing".</p>

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<p>14.12 Amounts owing for washup amounts The clearing manager must determine amounts owing in respect of washup amounts in accordance with [subpart 6].</p>	No equivalent provision.	Changes due to proposed new structure of Part 14 and change in terminology from "invoices" to "amounts owing".
<p>14.13 Amounts owing for auction revenue The clearing manager must determine amounts owing in respect of auction revenue in accordance with clauses 13.111 and 13.112.</p>	No equivalent provision.	Changes due to proposed new structure of Part 14 and change in terminology from "invoices" to "amounts owing".
<p>14.14 Amounts owing for ancillary services The clearing manager must determine amounts owing in respect of ancillary services in accordance with clauses [8.6, 8.31, 8.55, and 8.68].</p>	No equivalent provision.	Changes due to proposed new structure of Part 14 and change in terminology from "invoices" to "amounts owing".
<p>14.15 Amounts owing for hedge settlement agreements The clearing manager must calculate amounts owing under a hedge settlement agreement in respect of the current billing period in accordance with the terms of the hedge settlement agreement.</p>	No equivalent provision.	Changes due to proposed new structure of Part 14 and change in terminology from "invoices" to "amounts owing".
<p>14.16 Calculation of loss and constraint excess (1) A loss and constraint excess accrues for a billing period when the total of the amounts owing by the clearing manager to generators for that billing period for the electricity sold and purchased in accordance with clause 14.[3] is less than the total amount owing to the clearing manager for that billing period for the electricity sold and purchased in accordance with clause 14.[6]. (2) The FTR manager must— (a) determine the amount of loss and constraint excess that must be applied to the settlement of FTRs in accordance with Schedule 14.[3]; and (b) advise the clearing manager of that amount no</p>	<p>14.73 Payment of loss and constraint excess (1) On the final day for payment under clause 14.37, and when the clearing manager has received notification from its bank that the generators and purchasers have deposited cleared funds in the operating account, the clearing manager must, subject to clause 14.47, pay the appropriate loss and constraint excess and residual loss and constraint excess to each grid owner in accordance with subclause (3) and subclause (4). (2) A loss and constraint excess accrues for a billing period when the total amounts to be paid by the clearing manager to the generators for that billing period for the contracts formed in accordance with clause 14.30 differ from the total amounts to be paid to</p>	<p>Changes to reflect new structure and terminology of Part 14, so that loss and constraint is included as an amount owing and included in subpart 3 (invoicing of amounts owing) and subpart 4 (payments) accordingly. The references to the FTR account have been removed due to the proposed move to partial net settlement.</p> <p>Subclause (5) of the current clause 14.73 is covered in new clause 14.37.</p>

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<p>later than 1600 hours on the 7th business day of the month following the relevant billing period.</p> <p>(3) Each grid owner and the pricing manager must provide information to the FTR manager in accordance with Schedule 14.[3].</p> <p>(4) Subject to [subpart 8], the clearing manager must apply the amount advised under subclause (2) to the settlement of FTRs.</p> <p>(5) Subject to [subpart 8], if the amount that the FTR manager advises the clearing manager under subclause (2) exceeds the amount of the loss and constraint excess for the billing period, the clearing manager must apply all of the loss and constraint excess to the settlement of FTRs.</p> <p>(6) The Authority must advise the clearing manager of the proportion of the loss and constraint excess and residual loss and constraint excess owing to each grid owner.</p> <p>(7) Unless the Authority has directed otherwise under this clause, the amount owing to each grid owner in the proportions advised under subclause (2) is—</p> <p>(a) the amount of any loss and constraint excess less the amount to be applied to the settlement of FTRs under [subclause (4) or (5)]; and</p> <p>(b) the amount of any residual loss and constraint excess.</p>	<p>the clearing manager by the purchasers for that billing period for the contracts formed in accordance with clause 14.33.</p> <p>(2A) The FTR manager must—</p> <p>(a) determine the amount of loss and constraint excess that must be retained by the clearing manager and paid into the FTR account in accordance with Schedule 14.6; and</p> <p>(b) advise the clearing manager of that amount no later than 1600 hours on the 7th business day of the month following the relevant billing period.</p> <p>(2B) Each grid owner and the pricing manager must provide information to the FTR manager in accordance with Schedule 14.6.</p> <p>(2C) The clearing manager must retain the amount advised under subclause (2A) and pay the amount into the FTR account.</p> <p>(2D) If the amount that the FTR manager advises the clearing manager under subclause (2A) exceeds the amount of the loss and constraint excess for the billing period, the clearing manager must retain all of the loss and constraint excess and pay all of the loss and constraint excess into the FTR account.</p> <p>(3) The Authority must advise the clearing manager of the proportion of the loss and constraint excess and residual loss and constraint excess each grid owner is to be paid.</p> <p>(4) Unless the Authority has directed otherwise under this clause, the clearing manager must pay to each grid owner in the proportions advised under subclause (3)—</p> <p>(a) the amount of any loss and constraint excess less the amount retained under subclause (2C); and</p> <p>(b) the amount of any residual loss and constraint excess.</p> <p>(5) Each grid owner must treat residual loss and constraint excess paid to it under subclause (4) as loss</p>	

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	and constraint excess.	
<p>14.17 Amounts owing for FTRs</p> <p>(1) The clearing manager must calculate the total amount owing by the clearing manager and to the clearing manager in respect of FTRs for the current billing period.</p> <p>(2) The clearing manager must publish the amount owing by a person or to a person per MW in respect of FTRs in respect of the current billing period.</p> <p>(3) Subclause (4) applies if, in respect of a billing period, the total amount to be advised as owing by the clearing manager under clause [14.21(2)(g) and (h)] exceeds the sum of the following amounts:</p> <p>(a) the total amount to be advised as owing to the clearing manager under clause [14.20(2)(g)];</p> <p>(b) any amount available under clause 13.249(6) for the settlement of FTRs in the billing period;</p> <p>(c) the amount of the loss and constraint excess to be applied to the settlement of FTRs under clause [14.16(4) or (5)].</p> <p>(4) The clearing manager must, in calculating the amount owing in respect of each FTR under clause [14.20(2)(g) or clause 14.21(2)(g)], use an amended FTR hedge value scaled according to the formula specified in Schedule 14.1.</p>	<p>14.47A Payments in respect of FTRs</p> <p>(1) The clearing manager must calculate the total amount payable by the clearing manager in respect of FTRs in respect of the current billing period.</p> <p>(2) The clearing manager must publish the amount payable by a person or to a person per MW in respect of FTRs in respect of the current billing period.</p> <p>(3) The clearing manager must pay any amount payable in respect of FTRs in respect of the current billing period from the FTR account, in accordance with the terms of the FTR.</p> <p>(4) Subclause (5) applies if, in respect of a billing period, the total amount to be invoiced by the clearing manager under clause 14.45(ga) and (gb) exceeds the sum of the following amounts:</p> <p>(a) the total amount to be invoiced by the clearing manager under clause 14.40(fa):</p> <p>(b) any amount available under clause 13.249(6) for the settlement of FTRs in the billing period;</p> <p>(c) the amount of the loss and constraint excess to be paid into the FTR account under clause 14.73(2C) or (2D).</p> <p>(5) The clearing manager must, in calculating the amount included on an invoice in respect of each FTR under clause 14.40(fa) or 14.45(ga), use an amended FTR hedge value scaled according to the following formula:</p>	<p>Drafting changes/clarifications. The formula in the current subclause (5) has been moved to Schedule 14.1 (see below).</p> <p>As noted above, references to the FTR account have been removed due to the proposed move to partial net settlement.</p>
<p>14.18 Time for advising participant of amounts owing and payable</p> <p>(1) Each month the clearing manager must advise each participant of any amount calculated as owing and any amount payable to or by the clearing manager under this Code.</p> <p>(2) The clearing manager must advise each participant of any amount owing and any amount payable no later</p>	<p>14.36 Issue of invoices</p> <p>(1) 2 business days after the clearing manager receives reconciliation information in respect of the prior billing period from the reconciliation manager in accordance with clause 28(c) of Schedule 15.4, the clearing manager must issue to each purchaser an invoice in respect of the trading period of the billing period to which the reconciliation information applies.</p>	<p>Changes to reflect new structure and terminology of Part 14, and to clarify the time for advising participants of amounts owing.</p>

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<p>than—</p> <p>(a) the 9th business day of the month; or</p> <p>(b) if the clearing manager has not received reconciliation information in respect of the prior billing period from the reconciliation manager in accordance with clause 28(c) of Schedule 15.4, 2 business days after the clearing manager receives the reconciliation information.</p> <p>(3) A participant must not issue a GST invoice for supplies of electricity or ancillary services or ancillary service administrative costs to the clearing manager.</p>	<p>(2) At the same time as the clearing manager issues invoices under subclause (1), the clearing manager must issue an invoice to each person to whom ancillary service costs have been allocated.</p> <p>(3) At the same time as the clearing manager issues invoices under subclause (1), the clearing manager must issue an invoice in respect of any amount due in respect of an FTR.</p> <p>14.44 Issue of invoices to payees Payee invoices must be issued as follows:</p> <p>(a) concurrently with issuing invoices to payers, the clearing manager must issue pro forma invoices to each payee. Each such pro forma invoice must detail the amount that the clearing manager must pay in respect of a billing period upon receiving payment from the payers, subject to clause 14.47 and clause 14.47A and the issue of an actual GST invoice for the amount payable to that payee. Payees must not issue GST invoices for supplies of electricity or ancillary services or ancillary service administrative costs to the clearing manager:</p> <p>(b) if the clearing manager issues a pro forma invoice to a payee and the total sum of the items specified in that pro forma invoice is such that the payee is obliged to pay the clearing manager, the payee is deemed to have been issued with an invoice, and the payee is deemed to be, in relation to that invoice, a payer. Clauses 14.36 to 14.54 apply to the payee as if it were a payer for the purposes of issue and payment of the invoice.</p>	
<p>14.19 Clearing manager must advise participant of amounts owing and payable The clearing manager must advise each participant who owes any amount to the clearing manager or is</p>	<p>No equivalent provision.</p>	<p>Changes to reflect new structure and terminology of Part 14.</p>

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<p>owed any amount by the clearing manager of the following:</p> <ul style="list-style-type: none"> (a) amounts owing to the clearing manager by the participant in accordance with clause 14.[20]: (b) amounts owing by the clearing manager to the participant in accordance with clause 14.[21]: (c) the amount of the prudential risk management amount calculated in accordance with the methodology published by the clearing manager under clause 14.[22]: (d) the net amount owing by or to the participant in accordance with clause 14.[23]: (e) the amount payable by the participant to the clearing manager or by the clearing manager to the participant under subpart 5 in accordance with clause 14.[24]. 		
<p>14.20 Amounts owing to clearing manager</p> <ul style="list-style-type: none"> (1) When advising a participant of amounts owing under clause 14.[19(a)], the clearing manager must specify any amount owing by the participant to the clearing manager for— <ul style="list-style-type: none"> (a) the relevant billing period, to the extent that the clearing manager has received the necessary information; and (b) any prior billing period if the clearing manager receives the necessary information for that billing period after the date that amounts owing for that billing period were required to be advised by the clearing manager. (2) The clearing manager must specify any amount owing by the participant to the clearing manager for the following: <ul style="list-style-type: none"> (a) electricity purchased under clauses 14.[2] to 14.[7] for every trading period in the billing period: (b) constrained on compensation under clause 	<p>14.40 Content of invoice</p> <p>Invoices issued to payors in accordance with clause 14.36 must specify the following as is relevant to the extent that the clearing manager has received the necessary information:</p> <ul style="list-style-type: none"> (a) payment for the contracts formed in accordance with clauses 14.30 to 14.35 as determined by the following formula: ... (b) the amount to be debited for constrained on compensation calculated in accordance with clause 13.212(7): (c) the sum of the washup amount and any interest payable on that amount to be credited or debited in accordance with clauses 14.65 to 14.72 as a result of the clearing manager receiving corrected information in accordance with clauses 8.68, 8.69, 14.64(13) or (14), 15.26(4), 15.29, or clause 28 of Schedule 15.4: (d) the auction revenue calculated in accordance 	<p>Changes to reflect new structure and terminology of Part 14. The term "invoice" has been replaced with "amounts owing", due to the proposed move to partial net settlement.</p> <p>As noted above, the term "payer" has been removed from this Part and replaced with "participant" or similar, due to the proposed changes to the invoicing provisions in this Part to provide for partial net settlement.</p> <p>The formula in current clause 14.40(a) has been moved to new clause 14.10 (see above).</p>

Proposed new provision	Related current provision	Comments
<p>13.212:</p> <p>(c) a washup amount and any interest on that amount under [subpart 6]:</p> <p>(d) auction revenue under clause 13.110:</p> <p>(e) ancillary services under clauses 8.6, 8.31(1)(a), and 8.68:</p> <p>(f) payment of an amount under any hedge settlement agreement:</p> <p>(g) for each FTR applying to the billing period in respect of which the participant is registered as the holder of the FTR, the net amount of the FTR acquisition cost for the FTR minus the FTR hedge value for the FTR, if that net amount is positive:</p> <p>(h) any amount owing in respect of the assignment of any FTR under clause 13.249(4):</p> <p>(i) GST.</p> <p>(3) The clearing manager must specify the sum of the amounts referred to in subclause (2).</p>	<p>with clause 13.112(1):</p> <p>(e) the amount of any costs to pay or be paid for any ancillary services under clauses 8.6, 8.31(1)(a), and 8.68:</p> <p>(f) the amount to pay, or to be paid, as a result of settlement for that billing period of any hedge settlement agreements lodged with the clearing manager:</p> <p>(fa) for each FTR applying to that billing period in respect of which the payer is registered as the holder of the FTR, the net amount of the FTR acquisition cost for the FTR minus the FTR hedge value for the FTR, if that net amount is positive:</p> <p>(fb) any amount payable to the clearing manager under clause 13.249(4):</p> <p>(g) the amount to pay, or to be paid, for fees and taxes under clause 14.11:</p> <p>(h) the amount of GST payable (GST will be charged on each supply made under this Code):</p> <p>(i) the total sum of the amounts referred to in paragraphs (a) to (h).</p>	
<p>14.21 Amounts owing by clearing manager</p> <p>(1) When advising a participant of amounts owing under clause 14.19(b)], the clearing manager must specify any amount owing by the clearing manager to the participant for—</p> <p>(a) the relevant billing period, to the extent that the clearing manager has received the necessary information; and</p> <p>(b) any prior billing period if the clearing manager receives the necessary information for that billing period after the date that amounts owing for that billing period were required to be advised by the clearing manager.</p> <p>(2) The clearing manager must specify any amount owing</p>	<p>14.45 Content of pro forma invoice</p> <p>Pro forma invoices issued to payees in accordance with clause 14.44 must specify such of the following as is relevant to the extent that the clearing manager has received the necessary information:</p> <p>(a) payment for the contracts formed in accordance with clauses 14.30 to 14.35 as determined by the following formula:</p> <p>...</p> <p>(b) constrained on compensation being constrained on amounts calculated in accordance with clause 13.204 less any constrained on amounts calculated in accordance with clause 13.205:</p> <p>(c) the sum of the washup amount and any interest</p>	<p>Changes to reflect new structure and terminology of Part 14. The term invoice has been replaced with "amounts owing", due to the proposed move to partial net settlement.</p> <p>The formula in current clause 14.45(a) has been moved to new clause 14.10 (see above).</p>

Proposed new provision	Related current provision	Comments
<p>by the clearing manager to the participant for the following:</p> <p>(a) electricity sold under clauses 14.[2] to 14.[7] for every trading period in the billing period:</p> <p>(b) constrained on compensation under clause 13.212:</p> <p>(c) a washup amount and any interest on that amount under [subpart 6]:</p> <p>(d) auction revenue under clause 13.112:</p> <p>(e) ancillary services under clause 8.55[(a)]:</p> <p>(f) payment of an amount under any hedge settlement agreement:</p> <p>(g) for each FTR applying to the billing period in respect of which the participant is registered as the holder of the FTR, the net amount of the FTR hedge value for the FTR minus the FTR acquisition cost for the FTR, if that net amount is positive:</p> <p>(h) any amount owing in respect of the assignment of any FTR under clause 13.249(7):</p> <p>(i) GST.</p> <p>(j) loss and constraint excess and residual loss and constraint excess under clause 14.[16(7)].</p> <p>(3) The clearing manager must specify the sum of the amounts referred to in subclause (2).</p>	<p>payable on that amount to be credited or debited in accordance with clauses 14.65 to 14.72 as a result of the clearing manager receiving corrected information in accordance with clauses 8.68, 8.69, 14.64(13) or (14), 15.26(4), 15.29, or clause 28 of Schedule 15.4:</p> <p>(d) the sum calculated in accordance with clause 13.110(1):</p> <p>(e) the amount to pay, or to be paid, to ancillary service agents in relation to ancillary services under clause 8.55(a):</p> <p>(f) the amount to pay, or to be paid, to the system operator for ancillary services administrative costs under clause 8.55(b):</p> <p>(g) the amount to pay, or be paid, as a result of the settlement for that billing period of any hedge settlement agreements lodged with the clearing manager:</p> <p>(ga) for each FTR applying to that billing period in respect of which the payee is registered as the holder of the FTR, the net amount of the FTR hedge value minus the FTR acquisition cost for the FTR, if that net amount is positive:</p> <p>(gb) any amount payable by the clearing manager under clause 13.249(7):</p> <p>(h) the amount of GST payable (GST will be charged on each supply made under to this Code):</p> <p>(i) the total sum of the amounts referred to in paragraphs (a) to (h).</p>	
<p>14.22 Methodology for determining prudential risk management amount</p> <p>(1) The clearing manager must formulate and publish a methodology for determining the prudential risk management amount to be advised to a participant in accordance with clause 14.[19].</p> <p>(2) The methodology formulated by the clearing manager</p>	<p>No equivalent provision</p>	<p>New provision to reflect the proposed move to partial net settlement.</p>

Proposed new provision	Related current provision	Comments
<p>under subclause (1) must comply with the principle that the prudential risk management amount is set to ensure that the clearing manager has sufficient funds to pay each non-defaulting participant the amount payable to that participant under [subpart 5] if both of the following occur:</p> <p>(a) a settlement default that results in the largest percentage reduction in payments that would be made in the absence of the prudential risk management amount in respect of amounts other than FTRs; and</p> <p>(b) a settlement default that results in the largest percentage reduction in payments that would be made in the absence of the prudential risk management amount in respect of FTRs (other than in respect of the residual loss and constraint excess).</p> <p>(3) For the purposes of subclause (2), multiple settlement defaults by parties related in any way specified in the methodology must be treated as 1 settlement default.</p> <p>(4) The consultation and approval requirements set out in Schedule 14.[2] apply to the methodology.</p>		
<p>14.23 Net amount owing by or to participant</p> <p>The net amount owing by or to a participant for a billing period is determined in accordance with the following formula:</p> $AO_T = AO_P - AO_{CM}$ <p>where</p> <p>AO_T is the net amount owing</p> <p>AO_P is the sum of the amounts owing by the participant to the clearing manager, calculated under clause 14.[20]</p> <p>AO_{CM} is the sum of the amounts owing by the clearing manager to the participant,</p>	No equivalent provision	New provision to reflect the proposed move to partial net settlement.

Proposed new provision	Related current provision	Comments
calculated under clause 14.[21]		
<p>14.24 Calculation of amount payable</p> <p>(1) The amount payable by a participant to the clearing manager is determined in accordance with the following formula:</p> $AO_T + PRMA$ <p>where</p> <p>AO_T is the net amount owing by or to the participant, calculated under clause 14.[23]</p> <p>$PRMA$ is the prudential risk management amount, calculated in accordance with the methodology published by the clearing manager under clause 14.[22]</p> <p>(2) If the amount calculated under subclause (1) is positive, that amount is payable by the participant to the clearing manager in accordance with clauses 14.[33] and 14.[34].</p> <p>(3) If the amount calculated under subclause (1) is negative or 0, no amount is payable by the participant to the clearing manager.</p> <p>(4) Subject to [subpart 8], the amount payable by the clearing manager to a participant in accordance with clause 14.[36] is determined in accordance with the following formula:</p> $AP_{CM} = AO_{CM} - AO_P + AP_P$ <p>where</p> <p>AP_{CM} is the amount payable by the clearing manager to the participant</p>	No equivalent provision	New provision to reflect the proposed move to partial net settlement.

Proposed new provision	Related current provision	Comments
<p>AO_{CM} is the sum of the amounts owing by the clearing manager to the participant, calculated under clause 14.[21]</p> <p>AO_P is the sum of the amounts owing by the participant to the clearing manager, calculated under clause 14.[20]</p> <p>AP_P is the amount payable under subclause (2) (if any)</p>		
<p>14.25 Procedure for advising participant of amounts owing and payable</p> <p>(1) When advising a participant of amounts owing and payable under this subpart, the clearing manager must—</p> <p>(a) post the information to each relevant participant through the electronic facility contained in the information system for this purpose; and</p> <p>(b) if the participant requests, post or hand deliver the information to the participant.</p> <p>(2) Proof of dispatch by the electronic facility contained in the information system for this purpose is deemed to be proof of the advice under subclause (1), despite the procedures set out in this clause and in clause 14.[26].</p>	<p>14.41 Procedure for invoice distribution</p> <p>The clearing manager must comply with the following procedure when issuing invoices under clauses 14.36 and 14.44. Proof of dispatch by the electronic facility contained in the information system for this purpose or facsimile is deemed to be proof of the issue of the invoice, despite the procedures set out in this clause and in clause 14.42(1) and (2). The clearing manager must—</p> <p>(a) post the invoice to each payer through the electronic facility contained in the information system for this purpose; or</p> <p>(b) if the electronic facility, referred to in paragraph (a), is not available, transmit the invoice to the payer by facsimile; and</p> <p>(c) in either case, if the payer requests, post or hand deliver the original invoice to the payer.</p>	<p>Changes to reflect new terminology used in this Part. The reference to facsimile transmission has been removed.</p>
<p>14.26 Participant to confirm receipt</p> <p>(1) Each participant who receives information from the clearing manager under this subpart must immediately confirm, through the electronic facility contained in the information system for the purpose, receipt of the information sent by the clearing manager under clause 14.[25(1)(a) or (b)].</p>	<p>14.42 Payer to confirm receipt</p> <p>(1) Each payer must immediately confirm, through either the electronic facility contained in the information system for this purpose or by facsimile, receipt of any invoice sent by the clearing manager under clause 14.41(a) or (b).</p> <p>(2) If the clearing manager has not received a confirmation</p>	<p>Drafting changes, and changes to reflect new terminology used in this Part. The reference to facsimile transmission has been removed.</p>

Proposed new provision	Related current provision	Comments
<p>(2) If the clearing manager has not received a confirmation that the information has been received by a participant by 1200 hours on the business day after the day of dispatch of the information, the clearing manager must telephone the participant to check if the information has been received.</p> <p>(3) If the information has not been received by the participant, the clearing manager must resend the information.</p> <p>(4) Delayed confirmation by a participant that the information has been received does not extend the payment period set out in clause 14.[33].</p>	<p>that an invoice has been received by a payer by 1200 hours on the business day after the day of dispatch of the invoice, the clearing manager must telephone the payer to check if the invoice has been received. If the invoice has not been received by the payer, the clearing manager must resend the invoice.</p> <p>(3) Delayed confirmation by a payer that an invoice has been received does not extend the payment period for that invoice set out in clause 14.37.</p>	
<p>14.27 Participant may dispute amount</p> <p>(1) A participant may dispute information about an amount that is provided by the clearing manager under this subpart by notice in writing to the clearing manager.</p> <p>(2) A participant may not—</p> <p>(a) dispute the information under subclause (1) after the expiry of 2 years after the date that the information is provided; or</p> <p>(b) commence a dispute under subclause (1) if the participant has commenced a dispute in relation to the volume information on which the information is based under clause 15.29.</p> <p>(3) The clearing manager must advise all participants materially affected by the dispute and the Authority of the dispute no later than 1 business day after the dispute is notified to the clearing manager under subclause (1).</p> <p>(4) On receiving a notification of a dispute that relates to volume information under subclause (3), the Authority may direct that no further action be taken in respect of the dispute.</p> <p>(5) If the Authority gives a direction under subclause (4), clauses [14.28 to 14.30] cease to apply to the dispute.</p> <p>(6) A direction under subclause (4) does not affect the</p>	<p>14.64 Invoice disputes</p> <p>(1) A payee or payer may dispute an invoice issued by the clearing manager under clauses 14.36 to 14.54 by notice in writing to the clearing manager.</p> <p>(2) A payee or payer may not dispute an invoice under subclause (1) after the expiry of 2 years after the date of issue of the invoice.</p> <p>(3) A payee or payer may not commence a dispute under subclause (1) if the payee or payer has commenced a dispute in relation to the volume information on which the invoice is based under clause 15.29.</p> <p>(4) The clearing manager must notify all participants affected by the dispute and the Authority of the dispute no later than 1 business day after the dispute is notified to the clearing manager under subclause (1).</p> <p>(5) On receiving a notification of a dispute that relates to volume information under subclause (4), the Authority may direct that no further action be taken in respect of the dispute.</p> <p>(6) If the Authority gives a direction under subclause (5), subclauses (7) to (14) cease to apply to the dispute. However, a direction under subclause (5) does not affect the validity of an invoice issued under subclause (8) or clause 14.66 before the direction was given.</p>	<p>Drafting changes/clarifications, and changes to reflect new terminology used in this Part. The term "advise" has been used instead of "notify", as "notify" is a defined term in Part 1 of the Code.</p>

Proposed new provision	Related current provision	Comments
<p>validity of information provided under clause 14.[27(2)] or clause 14.[39] before the direction was given.</p>	<p>...</p>	
<p>14.28 Resolution of dispute about amount</p> <p>(1) The disputing participant and the clearing manager must attempt to resolve the dispute.</p> <p>(2) The clearing manager must revise the disputed amount and any other affected amount if—</p> <p>(a) the dispute is resolved by the parties advised of the dispute agreeing that information used to determine the amount is incorrect; and</p> <p>(b) the dispute is resolved 2 business days or more before the disputed amount is due to be paid or received by the disputing participant; and</p> <p>(c) the clearing manager has received all information necessary to revise the amount and any other affected amount (including revised volume information if necessary).</p> <p>(3) If the participant and the clearing manager do not resolve the dispute 2 business days or more before the disputed amount is due to be paid or received, the disputing participant must pay or receive the amount in accordance with clauses 14.[33] and 14.[36].</p>	<p>14.64 Invoice disputes</p> <p>...</p> <p>(7) The disputing payee or payer and the clearing manager must use reasonable endeavours to resolve the dispute.</p> <p>(8) The clearing manager must reissue the disputed invoice and any other affected invoices if—</p> <p>(a) the dispute is resolved by the parties to the dispute agreeing that information used to prepare the invoice is incorrect; and</p> <p>(b) the dispute is resolved 2 business days or more before the invoiced amount is due to be paid or received by the disputing payee or payer; and</p> <p>(c) the clearing manager has received all information necessary to reissue the invoice and any other affected invoices (including revised volume information if necessary).</p> <p>(9) If the payee or payer and the clearing manager do not resolve the dispute 2 business days or more before the invoiced amount is due to be paid or received, the disputing payee or payer must pay or receive the invoiced amount in accordance with clauses 14.37, 14.39, 14.44, and 14.46.</p>	<p>Drafting changes/clarifications, and changes to reflect new terminology used in this Part.</p>
<p>14.29 Dispute about amount may be referred to Rulings Panel</p> <p>(1) If the dispute is not resolved within 15 business days after the date on which the dispute was notified to the clearing manager under clause 14.[27(1)], the disputing participant or the clearing manager may refer the dispute to the Rulings Panel for resolution.</p> <p>(2) The Rulings Panel may make such determination as it thinks fit.</p> <p>(3) The Rulings Panel must give notice of its determination</p>	<p>14.64 Invoice disputes</p> <p>...</p> <p>(10) If the dispute is not resolved within 15 business days after the date on which the dispute was notified to the clearing manager under subclause (1), the disputing payee or payer or the clearing manager may refer the dispute to the Rulings Panel for resolution.</p> <p>(11) The Rulings Panel may make such determination as it thinks fit.</p> <p>(12) The Rulings Panel must give notice of its determination</p>	<p>Changes to reflect new terminology used in this Part.</p>

Proposed new provision	Related current provision	Comments
to the parties to the dispute and affected participants .	to the parties to the dispute and affected participants .	
<p>14.30 Correction of information about amount as result of dispute</p> <p>(1) If a dispute (other than a dispute resolved 2 business days or more before the disputed amount is due to be paid or received) is resolved by the parties to the dispute agreeing, or the Rulings Panel determining, that information used to determine the amount is incorrect, the clearing manager and the reconciliation manager must correct the information as follows:</p> <p>(a) if the information to be corrected is volume information, the information must be corrected in accordance with subclause (2):</p> <p>(b) if the information to be corrected is not volume information—</p> <p>(i) the clearing manager must either correct the information, or advise the appropriate market operation service provider or the Authority so that the information may be corrected; and</p> <p>(ii) if a market operation service provider or the Authority corrects the information, the market operation service provider or the Authority, as the case may be, must provide the corrected information to the clearing manager.</p> <p>(2) The reconciliation manager must correct volume information as follows:</p> <p>(a) if a revised seasonal adjustment shape must be issued in order for the volume information to be corrected—</p> <p>(i) the reconciliation manager must provide each reconciliation participant whose submission information is required to be corrected with a revised seasonal adjustment shape; and</p>	<p>14.64 Invoice disputes</p> <p>...</p> <p>(13) If a dispute (other than a dispute resolved 2 business days or more before the invoiced amount is due to be paid or received) is resolved by the parties to the dispute agreeing, or the Rulings Panel determining, that information used to prepare an invoice is incorrect, the clearing manager and the reconciliation manager must correct the information as follows:</p> <p>(a) if the information to be corrected is volume information, the information must be corrected in accordance with subclause (14):</p> <p>(b) if the information to be corrected is not volume information—</p> <p>(i) the clearing manager must either correct the information or advise the appropriate market operation service provider or the Authority so that the information may be corrected; and</p> <p>(ii) if a market operation service provider or the Authority corrects the information, the market operation service provider or the Authority, as the case may be, must provide the corrected information to the clearing manager.</p> <p>(14) The reconciliation manager must correct volume information as follows:</p> <p>(a) if a revised seasonal adjustment shape must be issued in order for the volume information to be corrected—</p> <p>(i) the reconciliation manager must provide each reconciliation participant whose submission information is required to be corrected with a revised seasonal adjustment shape; and</p>	<p>Changes to reflect new terminology used in this Part.</p>

Proposed new provision	Related current provision	Comments
<p>(ii) each reconciliation participant must provide corrected submission information to the reconciliation manager no later than 4 business days after being provided with the revised seasonal adjustment shape:</p> <p>(b) if a revised seasonal adjustment shape is not required to be issued in order for the volume information to be corrected, each reconciliation participant whose submission information is required to be corrected must provide corrected submission information to the reconciliation manager no later than 4 business days after being notified of the resolution of the dispute:</p> <p>(c) the reconciliation manager must provide the corrected volume information to the clearing manager.</p> <p>(3) If corrected information is provided to the clearing manager under [subclauses (1) or (2)], the clearing manager must conduct washups in accordance with [subpart 6].</p>	<p>(ii) each reconciliation participant must provide corrected submission information to the reconciliation manager no later than 4 business days after being provided with the revised seasonal adjustment shape:</p> <p>(b) if a revised seasonal adjustment shape does not need to be issued in order for the volume information to be corrected, each reconciliation participant whose submission information is required to be corrected must provide corrected submission information to the reconciliation manager no later than 4 business days after being notified of the resolution of the dispute:</p> <p>(c) the reconciliation manager must provide the corrected volume information to the clearing manager.</p> <p>(15) If corrected information is provided to the clearing manager under subclauses (13) or (14), the clearing manager must conduct washups in accordance with clauses 14.65 to 14.72.</p>	
<p>14.31 Payment of amounts payable</p> <p>(1) If the calculation under clause 14.[24] provides for a participant to pay an amount to the clearing manager, the participant must pay that amount to the clearing manager in accordance with clauses 14.[33] and 14.[34].</p> <p>(2) If the calculation under clause 14.[24] provides for the clearing manager to pay an amount to a participant, the clearing manager must pay that amount to the participant in accordance with clause 14.[36].</p>	<p>No equivalent provision.</p>	<p>New provision to reflect the proposed new structure of Part 14 and the move to partial net settlement.</p>
<p>14.32 Prepayment of amounts payable</p> <p>(1) A participant may elect to pay an amount to the clearing manager before the participant incurs the amount owing to the clearing manager.</p>	<p>No equivalent provision.</p>	<p>New provision to provide for participants to prepay.</p>

Proposed new provision	Related current provision	Comments
<p>(2) If a participant prepays an amount to the clearing manager under subclause (1),—</p> <p>(a) the participant must advise the clearing manager of 1 or more billing periods to which the payment relates; and</p> <p>(b) the clearing manager must deduct the amount paid by the participant from the amount advised to the participant as owing to the clearing manager under subpart 4.</p> <p>(3) Any amount paid to the clearing manager under this clause must not be returned to the participant, except as provided in subclause (4).</p> <p>(4) If an amount prepaid by a participant is more than the actual amount payable by the participant for the relevant billing periods, the clearing manager must—</p> <p>(a) apply the amount to the amount payable in the next billing period; or</p> <p>(b) if the participant requests the clearing manager to pay the residual amount to the participant and satisfies the clearing manager that it will continue to comply with the prudential requirements in Part 14A, pay the residual amount to the participant in accordance with clause 14.[36].</p> <p>(5) The clearing manager must credit to a participant who has prepaid an amount under this clause all interest received by the clearing manager on the prepaid amount, less any applicable deduction for tax purposes.</p>		
<p>14.33 Deadlines for payments</p> <p>(1) Subject to subclauses (3) and (4), each participant must pay the clearing manager the amount advised to the participant under [subpart 4] as payable by the participant to the clearing manager by—</p> <p>(a) 1300 hours on the 20th calendar day of the month following the billing period in respect of which the amount was advised; or</p>	<p>14.37 Payment of invoices</p> <p>(1) Subject to clause 14.39, for each billing period, payment of an invoice issued in accordance with clauses 14.36, 14.40, and 14.64(8) must be made by each payer in cleared funds into the operating account by 1400 hours on the 20th calendar day of the month following the billing period in respect of which the invoice was issued. If that day is not a business day,</p>	<p>Changes to reflect new structure and terminology of Part 14, and to reflect the proposal to change the time for payment from 1400 to 1300. New subclause (4) provides for the clearing manager to revise amounts owing and the associated deadline for payment.</p>

Proposed new provision	Related current provision	Comments
<p>(b) if that day is not a business day, 1300 hours on the next business day.</p> <p>(2) If the clearing manager does not advise a participant of an amount payable by the time specified in clause 14.[18(2)], payment may, if the participant so elects, be delayed for a period corresponding to the period of delay in advising the participant of the amount payable.</p> <p>(3) In the case of advice of an amount payable being delayed, the clearing manager must advise the participant of the new payment date.</p> <p>(4) If the clearing manager revises an amount advised to the participant 2 business days or more before the amount is due to be paid, the participant must pay the amount by the date for payment under subclause (1).</p>	<p>payment must be made by 1400 hours on the next business day. If the clearing manager does not issue an invoice within 2 business days of receiving reconciliation information from the reconciliation manager, or the invoice is delayed for any other reason, payment may, if the payer so elects, be delayed for a period corresponding to the period of delay in the issue of the invoice. In the case of a late invoice, the clearing manager must notify the payer of the new payment date.</p> <p>14.38 Failure to pay invoice amount Failure of a payer to pay an invoice in accordance with clause 14.37 constitutes an event of default.</p> <p>14.39 If money is owed to payer then deemed to be payee If a payer is issued with an invoice by the clearing manager, and the total sum of the items specified in the invoice is a credit so that the clearing manager is obliged to pay that total sum to the payer, the payer must, for the purpose of clauses 14.36 to 14.54 only, be deemed to be, in relation to that invoice, a payee. Clauses 14.36 to 14.54 therefore, apply to the payer as if it were a payee for the purposes of issue and payment of the invoice.</p>	<p>Clause 14.38 has been removed because it is covered in new clause 14.43.</p> <p>Clause 14.39 has been removed as it is unnecessary given the new structure and content of the Part.</p>
<p>14.34 Methods of payment</p> <p>(1) Subject to subclause (2), each participant must pay the clearing manager in cleared funds into the operating account.</p> <p>(2) A participant may instruct the clearing manager to pay all or part of an amount payable by the participant under clause 14.[33] from a cash deposit held by the clearing manager in respect of the participant in accordance with clause 14A.[13].</p>	<p>14.37 Payment of invoices</p> <p>(1) Subject to clause 14.39, for each billing period, payment of an invoice issued in accordance with clauses 14.36, 14.40, and 14.64(8) must be made by each payer in cleared funds into the operating account by...</p>	<p>Drafting changes/clarifications. Proposed new subclause (2) provides for a participant to instruct the clearing manager to pay all or part of an amount payable from the participant's cash deposit.</p>

Proposed new provision	Related current provision	Comments
<p>14.35 Allocation of payments</p> <p>(1) Subject to [subpart 8], the allocation by the clearing manager of a payment received from a participant under this Part must be dealt with in accordance with this clause.</p> <p>(2) The clearing manager must hold each amount paid into the operating account by or on behalf of a participant in payment or part payment of an amount payable under [this subpart] upon trust for those persons who are entitled to receive payment from the clearing manager.</p> <p>(3) A participant may not direct the clearing manager to apply any funds paid under this Part other than in accordance with this clause.</p> <p>(4) The clearing manager must separately account for any amount received under clause 14.[33] in respect of an amount referred to in clause 14.[20(2)(g) and (h)].</p>	<p>14.37 Payment of invoices</p> <p>...</p> <p>(2) The allocation by the clearing manager of a payment received from a payer in respect of an invoice must be dealt with in accordance with subclause (3), and clauses 14.47 and 14.47A. A payer may not direct the clearing manager to apply any funds paid in respect of an invoice other than in accordance with clauses 14.47 and 14.47A.</p> <p>(3) The clearing manager must transfer to the FTR account any amount received under subclause (1) in respect of an amount referred to in clause 14.40(fa) or (fb).</p> <p>14.47 Clearing manager to prioritise payment of funds</p> <p>The clearing manager must hold each amount paid into the operating account by or on behalf of a payer in payment or part payment of an invoice rendered under clauses 14.36 or 14.44 (excluding any amount referred to in clause 14.40(fa) or (fb)) upon trust for those persons who are entitled to receive payment from the clearing manager, in relation to that invoice and as identified or referred to in paragraphs (a) to (d), and must make such payments in the following order of priorities...</p>	<p>Changes to reflect new terminology used in this Part. The order of priorities in the current clause 14.47 is included in the new subpart 8 (see below).</p>
<p>14.36 Payments by clearing manager</p> <p>(1) Subject to [subpart 8], the clearing manager must pay each participant the amount advised to the participant under [subpart 4] as payable by the clearing manager to the participant by 1600 hours on the final business day for payment under clause 14.[33].</p> <p>(2) The clearing manager must pay each participant in cleared funds.</p> <p>(3) A participant may instruct the clearing manager to treat all or part of an amount payable to the participant under this clause as a cash deposit under Part 14A.</p>	<p>14.46 Clearing manager to make payments</p> <p>(1) The clearing manager must pay each payee the amount invoiced to the payee in accordance with clause 14.44.</p> <p>(2) The clearing manager must pay each payee in cleared funds.</p> <p>(3) The clearing manager must pay the amount by 1630 hours on the final business day for payment under clause 14.37.</p> <p>(4) Subclause (1) applies subject to clauses 14.47, 14.48C, and 14.49.</p>	<p>Changes to reflect new structure and terminology of Part 14, and to reflect the proposal to change the time for payment from 1630 to 1600.</p> <p>Proposed new subclause (4) provides for a participant to instruct the clearing manager to pay all or part of an amount payable into the participant's cash deposit account.</p>

Proposed new provision	Related current provision	Comments
<p>14.37 Payment of residual loss and constraint excess Each grid owner must treat residual loss and constraint excess paid to it under this Part as loss and constraint excess.</p>	<p>14.73 Payment of loss and constraint excess ... (5) Each grid owner must treat residual loss and constraint excess paid to it under subclause (4) as loss and constraint excess.</p>	<p>Minor drafting change.</p>
<p>14.38 Clearing manager must conduct washups If the clearing manager receives corrected information in accordance with clauses 8.68, 8.69, 14.[30], 15.26(4), 15.29, or clause 28 of Schedule 15.4, it must conduct washups and advise participants of amounts owing in accordance with this subpart.</p>	<p>14.65 Clearing manager must conduct washups If the clearing manager receives corrected information in accordance with clauses 8.68, 8.69 14.64(13) or (14), 15.26(4), 15.29, or clause 28 of Schedule 15.4, it must conduct washups and issue payee and payer invoices in accordance with clauses 14.66 to 14.72.</p>	<p>Changes to reflect new terminology of Part 14.</p>
<p>14.39 Clearing manager must advise participants of washup amounts The clearing manager must advise relevant participants of amounts owing in respect of washup amounts in accordance with [subpart 4] and clauses 14.[40] to 14.[42], except that the clearing manager must, if requested by a participant affected by the washup, issue corrected information covered by the washup to the participant.</p>	<p>14.66 Clearing manager must invoice washup amounts The clearing manager must invoice washup amounts to the relevant payees and payers in accordance with clauses 14.36, 14.44 and 14.67 to 14.72, except that the clearing manager must, if requested by a payer or payee affected by the washup, issue corrected payee or payer invoices covered by the washup.</p>	<p>Changes to reflect new terminology of Part 14.</p>
<p>14.40 Washup amounts (1) All washup amounts and interest accrued in accordance with subclause (2) must be expressed as an amount owing by the participant or an amount owing by the clearing manager to the participant in respect of the current billing period. (2) Daily interest (less any deduction for resident withholding tax) on the washup amount, calculated at the bank bill bid rate, accrues from the date that payment of the amount based on the incorrect information to which the washup relates was due as set out in clauses 14.[33] and 14.[36] (as applicable) until the date of advice of the revised washup amount in accordance with clause 14.[18], and must be</p>	<p>14.67 Washups for payers All washup amounts relating to a payer must be expressed as a credit or debit in that payer's invoice and must be paid as follows: (a) if a payer's washup amount is a credit, the clearing manager must subtract the credit from the amount invoiced in accordance with clause 14.36 in respect of the then present billing period. However, if the washup amount is greater than the total sum of the other items to be invoiced for that billing period, then payment of the washup amount must be made in accordance with clause 14.39: (b) if a payer's washup amount is a debit, the</p>	<p>Changes to reflect new terminology of Part 14. The current washup provisions have also been consolidated (i.e. clauses 14.67 to 14.70 have been combined into one clause).</p>

Proposed new provision	Related current provision	Comments
<p>compounded at the end of each calendar month.</p>	<p>clearing manager must add the debit to the payer's invoice issued in accordance with clause 14.36 in respect of the then present billing period:</p> <p>(c) daily interest (less any deduction for resident withholding tax) on the washup amount, calculated at the bank bill bid rate, must be debited or credited (as the case may be) to the invoice issued in accordance with clause 14.36 and accrues from the date that payment of the invoice based on the incorrect information to which the washup relates was due as set out in clauses 14.37 and 14.46, (as applicable) until the date of issue of the invoice for that washup amount in accordance with clause 14.36 and must be compounded at the end of each calendar month.</p>	
<p>14.41 Washups for grid owners</p> <p>If a washup has occurred due to incorrect consumption information being used to determine amounts owing in accordance with [subpart 4] that affects grid owners, the clearing manager must credit or debit a washup amount to or from each grid owner as follows:</p> <p>(a) if a grid owner's washup amount is a credit, the clearing manager must add the credit to any amount owing to that grid owner in accordance with clause 14.[16(7)] in respect of the current billing period:</p> <p>(b) if a grid owner's washup amount is a debit, the clearing manager must subtract the debit from any amount owing to the grid owner in accordance with clause 14.[16(7)] in respect of the current billing period:</p> <p>(c) if the washup amount is greater than the amount owing, the clearing manager must advise the grid owner of any amount owing for the washup</p>	<p>14.71 Washups for grid owners</p> <p>If a washup has occurred due to incorrect consumption information being used to prepare invoices issued in accordance with clauses 14.36 and 14.44 that affects grid owners, the clearing manager must credit or debit a washup amount to or from each grid owner as follows:</p> <p>(a) if a grid owner's washup amount is a credit, the clearing manager must add the credit to any amount payable to that grid owner in accordance with clause 14.73 in respect of the then present billing period:</p> <p>(b) where a grid owner's washup amount is a debit, the clearing manager must subtract the debit from any amount payable to the grid owner in accordance with clause 14.73 in respect of the then present billing period. However, if the washup amount is greater than the amount payable, the clearing manager must issue an</p>	<p>Changes to reflect new terminology of Part 14.</p>

Proposed new provision	Related current provision	Comments
<p>amount concurrently with advising participants of any amount owing under clause 14.[16], and payment of the washup amount must be made by the grid owner by the time for payment set out in clause 14.[33]:</p> <p>(d) daily interest (less any deduction for resident withholding tax) on the washup amount, calculated at the bank bill bid rate, must be debited or credited (as the case may be) to the amount owing to the grid owner in accordance with clause 14.[16(7)], and accrues from the date that payment based on the incorrect information to which the washup relates was made until the date of advice in accordance with clause 14.[18] resulting in the grid owner's washup amount, and must be compounded at the end of each calendar month.</p>	<p>invoice for the washup amount concurrently with issuing invoices to payees under clause 14.36, and payment of the washup amount must be made by the grid owners by the time for payment of invoices set out in clause 14.37:</p> <p>(c) daily interest (less any deduction for resident withholding tax) on the washup amount, calculated at the bank bill bid rate, must be debited or credited (as the case may be) to the amount payable to the grid owner in accordance with clause 14.73 and accrues from the date that payment based on the incorrect information to which the washup relates was made until the date of issue of the invoices to payees and/or payers resulting in the grid owners' washup amount, and must be compounded at the end of each calendar month.</p>	
<p>14.42 Payment where no longer participant</p> <p>(1) Despite clauses 14.[40] and 14.[41], if a washup amount affects a person who is no longer a participant, the clearing manager must advise the person of the washup amount owing and payable in accordance with clauses 14.[33] and 14.[34].</p> <p>(2) The person remains liable for outstanding obligations in accordance with section 30(3) of the Act.</p> <p>(3) Daily interest (less any deduction for resident withholding tax) on the washup amount, calculated at the bank bill bid rate, must be added to the washup amount and accrues from the date that payment of the amount based on the incorrect information to which the washup relates was due as set out in 14.[33] and 14.[36] (as applicable) until the date of advice of the revised washup amount in accordance with clause 14.[18], and must be compounded at the end of each calendar month.</p>	<p>14.72 Payment where no longer participant</p> <p>(1) Despite clauses 14.67 to 14.71, if a washup amount affects a person who is no longer a participant, an invoice must be issued by the clearing manager specifying the washup amount and is payable in accordance with clause 14.37. The person to whom the invoice is issued remains liable for outstanding obligations.</p> <p>(2) Daily interest (less any deduction for resident withholding tax) on the washup amount, calculated at the bank bill bid rate, must be added to the washup amount invoiced in accordance with clause 14.71(a) and accrues from the date that payment of the invoice based on the incorrect information to which the washup relates was due as set out in clauses 14.37 and 14.46 (as applicable) until the date of issue of the invoice for that washup amount, and must be compounded at the end of each calendar month.</p>	<p>Changes to reflect new terminology used in Part 14, and to specifically refer to section 30(3) of the Act, which provides that an industry participant's obligations under the Code are not affected merely because the participant ceases to be registered as a current participant.</p>

Proposed new provision	Related current provision	Comments
<p>14.43 Definition of an event of default</p> <p>Each of the following events constitutes an event of default:</p> <p>(a) failure of a participant to provide security for the minimum amount required in accordance with clause [14A.6]:</p> <p>(b) a settlement default <i>[To be defined in Part 1 as failure of a participant to pay the full amount payable in accordance with Part 14]</i>:</p> <p>(c) any action taken for, or with a view to, the declaration of a participant who is required to comply with Part 14A as a corporation at risk under the Corporations (Investigation and Management) Act 1989:</p> <p>(d) appointment of a statutory manager in respect of participant who is required to comply with Part 14A under the Corporations (Investigation and Management) Act 1989 (or a recommendation or submission is made by a person to the Financial Markets Authority supporting such an appointment):</p> <p>(e) appointment of a person under section 19 of the Corporations (Investigation and Management) Act 1989 to investigate the affairs or run the business of a participant who is required to comply with Part 14A:</p> <p>(f) if a participant who is required to comply with Part 14A is (or admits that it is or is deemed under any applicable law to be) unable to pay its debts as they fall due or is otherwise insolvent, or stops or suspends, or threatens to stop or suspend, or a moratorium is declared on, payment of its indebtedness, or makes or commences negotiations or takes any other steps with a view to making any assignment or composition with, or for the benefit of, its creditors, or any other</p>	<p>14.55 Definition of an event of default</p> <p>Each of the following events constitutes an event of default:</p> <p>(a) the failure of a payer to comply with clauses 14.2 to 14.17 or to satisfy a call in accordance with clause 14.18(4):</p> <p>(b) the failure of a payer to pay the full amount invoiced to it in accordance with clauses 14.36 to 14.54:</p> <p>(c) any action taken for, or with a view to, the declaration of a payer as a corporation at risk under the Corporations (Investigation and Management) Act 1989:</p> <p>(d) a statutory manager being appointed under the Corporations (Investigation and Management) Act 1989 (or a recommendation or submission is made by a person to the Securities Commission supporting such an appointment):</p> <p>(e) a person being appointed under section 19 of the Corporations (Investigation and Management) Act 1989 to investigate the affairs or run the business of the payer:</p> <p>(f) if a payer is (or admits that it is or is deemed under any applicable law to be) unable to pay its debts as they fall due or is otherwise insolvent, or stops or suspends, or threatens to stop or suspend, or a moratorium is declared on, payment of its indebtedness, or makes or commences negotiations or takes any other steps with a view to making any assignment or composition with, or for the benefit of, its creditors, or any other arrangement for the rescheduling of its indebtedness or otherwise with a view to avoiding, or in expectation of its inability to pay, its debts:</p> <p>(g) a holder of a security interest or other</p>	<p>Drafting changes/clarifications.</p>

Proposed new provision	Related current provision	Comments
<p>arrangement for the rescheduling of its indebtedness or otherwise with a view to avoiding, or in expectation of its inability to pay, its debts:</p> <p>(g) a holder of a security interest or other encumbrancer taking possession of, or a receiver, manager, receiver and manager, liquidator, provisional liquidator, trustee, statutory or official manager or inspector, administrator or similar officer being appointed in respect of the whole or any part of the assets of a participant who is required to comply with Part 14A or if the participant requests that such an appointment be made.</p> <p><i>[Note – the proposed retailer default Code amendments include a new event of default relating to termination of a retailer's use of system agreement]</i></p>	<p>encumbrancer takes possession of, or a receiver, manager, receiver and manager, liquidator, provisional liquidator, trustee, statutory or official manager or inspector, administrator or similar officer is appointed in respect of the whole or any part of the assets of the payer or if the payer requests that such an appointment be made.</p>	
<p>14.44 Anticipated events of default must be referred to Authority</p> <p>If the clearing manager believes that an event of default is likely to occur, the clearing manager must refer the matter to the Authority for its urgent consideration and instruction of an appropriate course of action to minimise the risk of default occurring.</p>	<p>14.56 Anticipated events of default must be referred to Authority</p> <p>If the clearing manager has reasonable grounds to believe that an event of default is likely to occur, the clearing manager must refer the matter to the Authority for its urgent consideration and instruction of an appropriate course of action to minimise the risk of default occurring.</p>	<p>Reference to "reasonable grounds" has been removed.</p>
<p>14.45 Procedure upon event of default</p> <p>(1) If a participant commits an event of default, the participant must immediately advise the clearing manager and the Authority of the event of default.</p> <p>(2) If the clearing manager becomes aware that a participant has committed an event of default and the participant has not advised the clearing manager of the event of default, the clearing manager must advise the person in default that it has committed an event of default.</p>	<p>14.57 Procedure upon event of default</p> <p>(1) Upon an event of default occurring, the clearing manager must, without prejudice to its rights under clause 14.58, notify the person in default that it has committed an event of default.</p> <p>(2) Without prejudice to its rights under clause 14.58, the clearing manager must refer an issue concerning an event of default to the Authority.</p>	<p>New requirement for a defaulting participant to advise the clearing manager and the Authority of an event of default.</p> <p>Drafting changes/clarifications.</p> <p>Reference to "without prejudice..." is unnecessary.</p>

Proposed new provision	Related current provision	Comments
<p>(3) The clearing manager must refer an issue concerning an event of default to the Authority.</p>		
<p>14.46 Event of default gives clearing manager remedies</p> <p>(1) If an event of default has occurred, the clearing manager has the power to exercise, as appropriate, all or any of the following remedies without prejudice to any other remedy it may have at law:</p> <p>(a) apply the balance of the cash deposit of the defaulting participant in accordance with clauses 14A.[13(a)] and 14A.[13(b)]:</p> <p>(b) make a demand under a guarantee, letter of credit, or bond provided under Part 14A in respect of the defaulting participant:</p> <p>(c) if the defaulting participant has not paid an amount due under this Part by the due date for payment, set-off any amount payable by the clearing manager to the participant against the unpaid amount payable by the participant to the clearing manager:</p> <p>(d) take possession of any FTR held by the defaulting participant in accordance with clause 14.[49].</p> <p>(2) If an event of default is not remedied by the expiry of the participant's post-default exit period registered under clause 14A.[22],—</p> <p>(a) the clearing manager must cancel a hedge settlement agreement to which the defaulting participant is a party in accordance with clause 14.[50]:</p> <p>(b) the Authority may direct a grid owner or distributor to exercise any contractual right the grid owner or distributor has to disconnect a defaulting participant who is a direct purchaser in accordance with clause 14.[51].</p>	<p>14.58 Event of default gives clearing manager certain remedies</p> <p>(1) If an event of default has occurred, the clearing manager has the power to exercise, as appropriate, all or any of the following remedies without prejudice to any other remedy it may have at law:</p> <p>(a) apply the balance of the cash deposit of the defaulting payer in accordance with clauses 14.9(a), 14.9(aa) and 14.47. In such a case, the clearing manager must give notice to the payer, and the payer must comply with the notice, requiring the payer to reinstate the cash deposit to at least the level of the cash deposit before the application of the cash deposit was made in accordance with the following procedure:</p> <p>(i) if notice is given before 1200 hours on a business day, the payer must reinstate the cash deposit no later than 1600 hours on that same business day:</p> <p>(ii) if notice is given between 1200 hours and 1700 hours on a business day, the payer must make reinstatement of the cash deposit no later than 1200 hours on the next business day following the notice:</p> <p>(b) a demand may be made by the clearing manager under a guarantee, letter of credit or bond provided under this Part in respect of the payer, and the clearing manager must pay any amounts received as a consequence of the demand into the operating account. In such a case, the payer must procure the reinstatement of the guarantee, letter of credit or bond to at least the level of that guarantee, letter of credit or bond before the demand was made in accordance with the</p>	<p>Drafting changes/clarifications to subclause (1). References to reinstatement of a cash deposit and other forms of security have been removed, as it is intended that this will be covered by the prudential requirements.</p> <p>Proposed new subclause (2) reflects proposals relating to cancellation of hedge settlement agreements and disconnection of direct purchasers.</p>

Proposed new provision	Related current provision	Comments
	<p>following procedures:</p> <ul style="list-style-type: none"> (i) if a demand is made before 1200 hours on a business day, reinstatement of the level of the security must be procured by the purchaser no later than 1600 hours on that same business day: (ii) if a demand is made between 1200 hours and 1700 hours on a business day, reinstatement of the level of security must be procured by the payer no later than 1200 hours on the next business day following the demand: (c) if a generator has not paid an amount due in respect of an invoice by the due date for payment (whether the amount became owing in its capacity as a generator or otherwise), the clearing manager may set-off the unpaid amount against any amount payable by the clearing manager to the generator. The amount payable by the generator to the clearing manager in respect of the invoiced amounts must be reduced by the amount set-off in accordance with this paragraph: (d) if any other payer has not paid an amount due in respect of an invoice by the due date for payment (whether the amount became owing in its capacity as a purchaser, distributor or grid owner or otherwise), the clearing manager may set-off any amount payable by the clearing manager (whether the amount became payable to the payer in its capacity as a purchaser, distributor, grid owner or otherwise) to the payer against the unpaid amount payable by the payer to the clearing manager in accordance with clauses 14.39 or 14.40: (e) take possession of any FTRs held by the 	

Proposed new provision	Related current provision	Comments
	defaulting payer in accordance with subclauses (2) and (3).	
<p>14.47 Remedies for settlement default</p> <p>(1) If the clearing manager elects to exercise any of the remedies specified in clause 14.[46] in the event of a settlement default, the clearing manager must exercise the remedies in the following order:</p> <p>(a) apply the balance of the cash deposit of the defaulting participant:</p> <p>(b) if the amount applied under paragraph (a) is not sufficient to remedy the default, make a demand under a guarantee, letter of credit, or bond provided under Part 14A in respect of the defaulting participant that can be satisfied by 1500 hours on the final day for payment under clause 14.[33]:</p> <p>(c) if the amounts applied under paragraphs (a) and (b) are not sufficient to remedy the default, set-off the amount payable by the defaulting participant to the clearing manager against any amount that is payable by the clearing manager to the defaulting participant in respect of the current billing period or any other prior billing period:</p> <p>(d) if the amounts applied under paragraphs (a) to (c) are not sufficient to remedy the default,—</p> <p>(i) make a demand under any other guarantee, letter of credit, or bond provided under Part 14A in respect of the defaulting participant:</p> <p>(ii) take possession of any FTR held by the defaulting participant in accordance with clause 14.[49].</p> <p>(2) If, after exercising the remedies specified in subclause (1), there is any residual amount payable by the clearing manager to the participant, that amount must be credited to the balance of the defaulting</p>	No equivalent provision.	<p>New provision to provide for the order in which the clearing manager must exercise remedies in the event of a settlement default.</p> <p>Clauses 14.59 to 14.61 (pro rata call on security) have been removed.</p>

Proposed new provision	Related current provision	Comments
<p>participant's cash deposit.</p>		
<p>14.48 Remedies for other types of default If a participant commits any event of default other than a settlement default, the clearing manager must exercise all or any of the remedies specified in clause 14.[46] to ensure that it has sufficient funds for the next settlement date.</p>	<p>No equivalent provision.</p>	
<p>14.49 Application to take possession of FTR</p> <p>(1) The clearing manager on application to the FTR manager is entitled to be registered on the FTR register as the holder of any FTR that the clearing manager takes possession of under clause 14.[46(1)(d)] without any further authorisation than this subclause.</p> <p>(2) If the FTR hedge values or estimated FTR hedge values of the FTRs held by the defaulting participant exceed the amount required to remedy the event of default, the clearing manager may exercise its discretion in deciding which FTRs are transferred to the clearing manager.</p> <p>(3) If the amount received by the clearing manager on settlement or sale of an FTR taken possession of under clause 14.[46(1)(d)] exceeds the amount required to remedy the event of default, the clearing manager must repay the excess amount to the defaulting participant.</p> <p>(4) If the clearing manager holds an FTR in respect of which an amount would be owing if the FTR was held by another person, no amount is owing by the clearing manager.</p>	<p>14.58 Event of default gives clearing manager certain remedies ... (2) The clearing manager on application to the FTR manager is entitled to be registered on the FTR register as the holder of any FTR that the clearing manager takes possession of under subclause (1)(e) without any further authorisation than this subclause. (3) If the FTR hedge values or estimated FTR hedge values held by the defaulting payer exceed the amount required to remedy the event of default, the clearing manager may exercise its discretion in deciding which FTRs are transferred to the clearing manager. (4) If the amount received by the clearing manager on settlement or sale of an FTR taken possession of under subclause (1)(e) exceeds the amount required to remedy the event of default, the clearing manager must repay the excess amount to the defaulting payer. (5) If the clearing manager holds an FTR in respect of which an amount would be payable if the FTR was held by another person, no amount is payable by the clearing manager.</p>	<p>Drafting changes/clarifications and changes to reflect new terminology of Part.</p>
<p>14.50 Cancellation of hedge settlement agreement in event of default</p> <p>(1) If the defaulting participant is a party to a hedge settlement agreement and the event of default is not remedied at the expiry of the participant's post-default</p>	<p>No equivalent provision.</p>	<p>New provision to provide for the cancellation of a hedge settlement agreement in an event of default.</p>

Proposed new provision	Related current provision	Comments
<p>exit period registered under clause 14A.[22], the clearing manager must cancel the hedge settlement agreement.</p> <p>(2) The clearing manager must give written notice to the parties to the hedge settlement agreement if a hedge settlement agreement is cancelled under this clause.</p>		
<p>14.51 Disconnection of direct purchaser</p> <p>(1) Each direct purchaser must at all times ensure that the terms of each of its contracts that provide for connection of the direct purchaser to the grid or a local network permit the relevant grid owner or distributor to disconnect the direct purchaser on the direction of the Authority if the direct purchaser has committed an event of default and has not remedied the default by the expiry of its post-default exit period registered under clause 14A.[22].</p> <p>(2) Each grid owner or distributor must at all times ensure that the terms of each its contracts that provide for the connection of a direct purchaser to the grid or a local network permit the grid owner or distributor to disconnect the direct purchaser on the direction of the Authority if the direct purchaser has committed an event of default and has not remedied the default by the expiry of its post-default exit period registered under clause 14A.[22].</p> <p>(3) If a direct purchaser has committed an event of default and has not remedied the default by the expiry of its post-default exit period registered under clause 14A.[22], the Authority may direct a grid owner or distributor to exercise any contractual right the grid owner or distributor has to disconnect the defaulting direct purchaser.</p> <p>(4) A grid owner or distributor who receives a direction under subclause (2) must comply with the direction.</p>	<p>No equivalent provision.</p>	<p>New provision to provide for the disconnection of direct purchasers in an event of default.</p>
<p>14.52 Clearing manager to exercise rights to recover</p>	<p>14.53 Clearing manager to exercise rights to recover</p>	<p>Changes to reflect new</p>

Proposed new provision	Related current provision	Comments
<p>amounts outstanding The clearing manager must exercise such rights, including those rights under the Act and this Code, as is reasonable to recover any amounts outstanding from a participant who is in default.</p>	<p>amounts outstanding The clearing manager must exercise such rights, including those rights under the Act and this Code, as is reasonable to recover any amounts outstanding from a payer is in default.</p>	<p>terminology of Part.</p>
<p>14.53 Participants assigned or subrogated to all clearing manager’s rights of recovery</p> <p>(1) If a participant’s default means that the clearing manager is unable to pay participants the full outstanding amount that would otherwise be payable to them so that any amount paid to participants is reduced under [subpart 8], the participants are entitled to be assigned or subrogated to the rights of the clearing manager in respect of amounts payable to the clearing manager by the relevant defaulting participant which, if paid, would have been required to be held on trust by the clearing manager for the participants in accordance with this Code.</p> <p>(2) The clearing manager must do all that is reasonably necessary, including the granting of a power of attorney in favour of the participants, to assist the participants in the exercise of the rights.</p> <p>(3) The participants may—</p> <p>(a) in the name of the clearing manager (if requested), take any step to enforce repayment or exercise any other rights of the clearing manager in respect of money for the time being due to the clearing manager from a participant in default or a guarantor of any participant or any person that has provided a letter of credit or bond in favour of the clearing manager in respect of the participant; and</p> <p>(b) directly or indirectly, in the name of the clearing manager (if requested), prove in, claim, share in or receive the benefit of any distribution, dividend or payment arising out of any insolvency of a</p>	<p>14.54 Generators assigned or subrogated to all clearing manager’s rights of recovery</p> <p>If a payer’s default means that the clearing manager is unable to pay generators the full outstanding amount that would otherwise be payable to them so that any amount paid to generators is reduced under clause 14.49, the generators are entitled to be assigned or subrogated to the rights of the clearing manager in respect of amounts payable to the clearing manager by the relevant defaulting payer which, if paid, would have been required to be held on trust by the clearing manager for the generators in accordance with this Code. The clearing manager must do all that is reasonably necessary, including the granting of a power of attorney in favour of the generators, to assist the generators in the exercise of the rights. The generators may then—</p> <p>(a) in the name of the clearing manager (if requested), take any step to enforce repayment or exercise any other rights of the clearing manager in respect of money for the time being due to the clearing manager from a payer in default or a guarantor of any payer or any person that has provided a letter of credit or bond in favour of the clearing manager in respect of the payer; and</p> <p>(b) directly or indirectly, in the name of the clearing manager (if requested), prove in, claim, share in or receive the benefit of any distribution, dividend or payment arising out of any insolvency of a payer in default or a guarantor of a payer in default or any person that has provided a letter of</p>	<p>Drafting changes and changes to reflect new terminology of Part.</p>

Proposed new provision	Related current provision	Comments
<p>participant in default or a guarantor of a participant in default or any person that has provided a letter of credit or bond in favour of the clearing manager in respect of a participant in default.</p>	<p>credit or bond in favour of the clearing manager in respect of a payer in default.</p>	
<p>14.54 Rights of participants to exercise rights</p> <p>(1) Any 1 or more participants is entitled to exercise rights under clause 14.[53], if—</p> <p>(a) the clearing manager has not, within 3 business days of receiving notice of, or otherwise becoming aware of, the occurrence of an event of default, taken any action under clauses 14.[46] to 14.[48]; or</p> <p>(b) the clearing manager has failed within 2 months of an event of default to collect all amounts due from the defaulting participant.</p> <p>(2) Nothing in subclause (1) or [this subpart] limits the statutory right of the clearing manager to apply to the Court for the appointment of a receiver, interim liquidator, or liquidator.</p>	<p>14.63 Rights of generators to exercise rights</p> <p>(1) Any 1 or more of the generators is entitled to exercise its rights under clause 14.54, if—</p> <p>(a) the clearing manager has not, within 3 business days of receiving notice of, or otherwise becoming aware of, the occurrence of an event of default, taken any action under clause 14.58; or</p> <p>(b) the clearing manager has failed within 2 months of an event of default to collect all amounts (other than an amount referred to in clause 14.40(fa) or (fb)) due from the defaulting payer.</p> <p>(2) Nothing in subclause (1) or clauses 14.55 to 14.62 limits the statutory right of the clearing manager to apply to the Court for the appointment of a receiver, interim liquidator or liquidator.</p>	<p>Drafting changes and changes to reflect new terminology of Part. The exclusion relating to FTRs in current subclause (1)(b) has been removed.</p>
<p>14.55 Authority may publicise information about event of default</p> <p>(1) The Authority may publicise information about an event of default if the Authority considers it is appropriate.</p> <p>(2) If an event of default results in a reduction in payments under subpart 8, the Authority must publicise information about the following:</p> <p>(a) the nature of the event of default;</p> <p>(b) the extent of the event of default;</p> <p>(c) the identity of the defaulting participant.</p>	<p>No equivalent provision.</p>	<p>New provision to provide for the publication of information about an event of default.</p>
<p>14.56 Application of this subpart</p> <p>(1) This subpart applies if—</p> <p>(a) a participant commits a settlement default; and</p>	<p>No equivalent provision.</p>	<p>New provision to reflect new structure of Part and provisions relating to payments in the event</p>

Proposed new provision	Related current provision	Comments
<p>(b) the amount received from the defaulting participant and recovered or set-off under clause 14.[47] by 1500 hours on the final day for payment under clause 14.[33] is less than the amount payable by the participant [and any amount required to cover GST obligations].</p> <p>(2) In this subpart a reference to 1 or more general amounts is a reference to any amount that is not required to be applied to the settlement of FTRs or paid to the grid owner as residual loss and constraint excess.</p>		of a settlement default.
<p>14.57 Allocation of amounts received to settlement of general amounts and FTRs</p> <p>(1) The clearing manager must apply any amount received from the defaulting participant and recovered under clause 14.[47] to the settlement of general amounts and FTRs in accordance with this clause.</p> <p>(2) The amount that must be applied to the settlement of general amounts is the total amount received from the participant and recovered under clause 14.[47], less the amount that must be applied to the settlement of FTRs in accordance with subclause (3).</p> <p>(3) The amount that must be applied to the settlement of FTRs is determined in accordance with the following formula:</p> $C_{FTR} = C_{TOT} \times (O_{FTR}/O_{TOT})$ <p>where</p> <p>C_{FTR} is the amount that must be applied to the settlement of FTRs</p> <p>C_{TOT} is the total amount received from the participant and recovered under clause 14.[47]</p> <p>O_{FTR} is the total amount owing in respect of FTRs held</p>	<p>14.62A Allocation of amounts to FTR obligations and other obligations</p> <p>(1) If the clearing manager exercises any of the remedies under clause 14.58(1)(a) or (b) against a payer, the clearing manager must transfer to the FTR account any amounts recovered to satisfy amounts that may be due and owing by the defaulting payer in respect of FTRs in accordance with the following formula:</p> $C_{FTR} = C_{TOT} \times (O_{FTR}/O_{TOT})$ <p>where</p> <p>C_{FTR} is the amount that must be transferred to the FTR account</p> <p>C_{TOT} is the total amount recovered under clause 14.58(1)(a) and (b)</p> <p>O_{FTR} is the amount owing in respect of FTRs held by the defaulting payer</p> <p>O_{TOT} is the total amount owing by the defaulting payer under this Code</p> <p>(2) The clearing manager must apply any amounts recovered under subclause (1) that have not been</p>	Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default.

Proposed new provision	Related current provision	Comments
<p>by the defaulting participant as specified under clause 14.[20(2)(g) and (h)]</p> <p>O_{TOT} is the total amount owing by the defaulting participant as specified under clause 14.[20(3)]</p> <p>(4) If the total amount owing by the participant as specified under clause 14.[20(3)] includes an amount owing in respect of the assignment of any FTR under clause 14.[20(2)(h)] that relates to a future billing period or billing periods, a portion of the amount that must be applied to the settlement of FTRs under subclause (3) must be allocated to each future billing period in accordance with the following formula:</p> $F_{FTR} = C_{FTR} \times (O_{FTR (future)} / O_{FTR})$ <p>where</p> <p>F_{FTR} is the amount that must be applied to the settlement of FTRs in the future billing period</p> <p>C_{FTR} is the amount that must be applied to the settlement of FTRs, calculated under subclause (1)</p> <p>$O_{FTR (future)}$ is the amount owing in respect of the assignment of an FTR under clause 14.[20(2)(h)] that relates to the future billing period</p> <p>O_{FTR} is the total amount owing in respect of FTRs held by the defaulting participant as specified under clause 14.[20(2)(g) and (h)]</p>	<p>transferred in accordance with subclause (1) to satisfy any amounts that may be due and owing by the defaulting payer to the clearing manager under this Code.</p>	
<p>14.58 Calculation of revised amount owing for general</p>	<p>14.47 Clearing manager to prioritise payment of funds</p>	<p>Changes to reflect new structure</p>

Proposed new provision	Related current provision	Comments
<p>amounts</p> <p>(1) Any amount owing by the clearing manager to the defaulting participant must be set to the sum of the following amounts:</p> <p>(a) the amount owing by the clearing manager to the defaulting participant minus the amount owing by the defaulting participant to the clearing manager, if that amount is positive;</p> <p>(b) any amount payable by the clearing manager to the participant that has not been set-off against the unpaid amount payable by the participant to the clearing manager.</p> <p>(2) If the amount calculated under subclause (1)(a) is a negative amount, the amount must be set to 0.</p> <p>(3) The clearing manager must apply any amount available for the settlement of general amounts in accordance with the following order of priority:</p> <p>(a) to satisfy any liability to pay GST and other governmental charges or levies, that are payable by the clearing manager in respect of the amounts owing and payable under [subparts 4 and 6], taking into account any GST input tax credits available to the clearing manager in respect of payments under paragraphs (b) to (e):</p> <p>(b) to satisfy any amount owing to the system operator for ancillary services under clauses 8.6, 8.31(1)(a), and 8.55 to 8.67:</p> <p>(c) to satisfy any amount of the loss and constraint excess to be applied to the settlement of FTRs under clause 14.[16(4) or (5)]:</p> <p>(d) to satisfy any amount owing to each grid owner for any loss and constraint excess in accordance with clause 14.[16(7)(a)]:</p> <p>(e) to satisfy any other general amount owing to a participant.</p> <p>(4) If there is an insufficient amount available for the</p>	<p>The clearing manager must hold each amount paid into the operating account by or on behalf of a payer in payment or part payment of an invoice rendered under clauses 14.36 or 14.44 (excluding any amount referred to in clause 14.40(fa) or (fb)) upon trust for those persons who are entitled to receive payment from the clearing manager, in relation to that invoice and as identified or referred to in paragraphs (a) to (d), and must make such payments in the following order of priorities:</p> <p>(a) to satisfy any liability to pay GST and other governmental charges or levies, that are payable by the clearing manager in respect of the invoices issued under clauses 14.36, 14.44, 14.69(b), 14.70(b), or 14.71(b), taking into account any GST input tax credits available to the clearing manager in respect of payments to the system operator for ancillary services under paragraph (b), payment of the loss and constraint excess under paragraph (c) and payments to generators under paragraph (d):</p> <p>(b) to satisfy any amounts due to the system operator for ancillary services under clauses 8.6, 8.31(1)(a), and 8.55 to 8.67, as set out in the invoice:</p> <p>(c) to satisfy any amounts due to each grid owner for loss and constraint excesses in accordance with clause 14.73. The clearing manager may rely on information provided by the Authority to determine what payments are required to be made under this clause:</p> <p>(d) to satisfy any amounts due to generators determined under clause 14.45, excluding any amounts specified for ancillary services in accordance with clause 14.45(e)— and the balance, if any, consisting of interest payments</p>	<p>of Part and provisions relating to payments in the event of a settlement default. The first part of current clause 14.47 (regarding holding amounts on trust) is in new clause 14.35 (see above).</p>

Proposed new provision	Related current provision	Comments
<p>settlement of general amounts, the clearing manager must calculate the revised amounts owing by the clearing manager to participants in respect of general amounts as follows:</p> <p>(a) first apply the full amount available to satisfy each amount owing in the order of priorities in subclause (3):</p> <p>(b) if there is an insufficient amount to satisfy the full amount owing under any of paragraphs (a) to (e) of subclause (3), calculate the revised amount owing to each participant under that paragraph according to the following formula:</p> $AO_{CM (revised)} = AO_{CM (general)} \times (A_{General}/G_{Required})$ <p>where</p> <p>$AO_{CM (revised)}$ is the revised amount owing by the clearing manager to the participant in respect of the general amounts</p> <p>$AO_{CM (general)}$ is the amount owing by the clearing manager to the participant in respect of that billing period under the relevant paragraph in subclause (3)</p> <p>$A_{General}$ is the total amount available for the settlement of amounts owing by the clearing manager in the relevant billing period under the relevant paragraph in subclause (3)</p> <p>$G_{Required}$ is the sum of all amounts required to settle those amounts in respect</p>	<p>on the amounts deposited in the operating account, must be paid to those persons listed in this clause in proportion to the amounts held on trust in respect of each such person in that account in respect of the previous billing period.</p> <p>14.49 Inadequate funds reduces amounts paid to generators</p> <p>If, in respect of any billing period, a payer fails to pay the total amount invoiced by the clearing manager (excluding any amount referred to in clause 14.40(fa) or (fb)),—</p> <p>(a) payment to each generator must be calculated according to the following formula:</p> $InvG * (RecP / TotInvG)$ <p>where</p> <p>$InvG$ is the amount specified in a pro forma invoice issued under clause 14.44(a) as being payable to the generator in respect of that billing period, excluding any amount specified for ancillary services in accordance with clause 14.45(e) or ancillary service administrative costs in accordance with clause 14.45(f)</p> <p>$RecP$ is the total amount actually received by the clearing manager from payors for that billing period, excluding all payments that have been made by the clearing manager in accordance with clause 14.47(a) to (c)</p> <p>$TotInvG$ is the sum of all amounts determined under clause 14.44(a) as being payable to all generators in respect of that</p>	

Proposed new provision	Related current provision	Comments
<p style="text-align: center;">of the billing period</p>	<p style="text-align: center;">billing period, excluding any amounts specified for ancillary services in accordance with clause 14.45(e) or ancillary service administrative costs in accordance with clause 14.45(f); and</p> <p>(b) if a payment is calculated under paragraph (a) as a result of a payer failing to pay the total amount invoiced by the clearing manager, the amount payable to each generator must be adjusted by reducing payments for items contained in the pro forma invoice issued under clause 14.45 using the following order of priorities:</p> <ul style="list-style-type: none"> (i) by reducing any payment for the sale of electricity determined in accordance with clause 14.45(a): (ii) by reducing constrained on compensation determined in accordance with clause 14.45(b): (iii) by reducing any washup amounts, if the total amount is payable to the generator, determined in accordance with clause 14.45(c): (iv) by reducing a hedge settlement agreement amount, if the total amount is payable to the generator, determined in accordance with clause 14.45(g). 	
<p>14.59 Calculation of revised amount owing for FTR amounts</p> <p>(1) Any amount owing by the clearing manager to the defaulting participant in respect of FTRs must be set to the sum of the following amounts:</p> <ul style="list-style-type: none"> (a) the amount owing by the clearing manager to the defaulting participant in respect of FTRs minus the amount owing by the defaulting 	<p>14.48C Inadequate funds in respect of FTRs</p> <p>(1) Subclauses (2) to (4) apply if, in respect of a billing period,—</p> <ul style="list-style-type: none"> (a) a payer fails to pay an amount invoiced in respect of an FTR; and (b) as a result, the total amount required to be paid by the clearing manager in respect of FTRs and any amount to be paid under clause 14.73(4)(b) 	<p>Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default.</p>

Proposed new provision	Related current provision	Comments
<p>participant to the clearing manager in respect of FTRs, if that amount is positive:</p> <p>(b) any amount payable by the clearing manager to the participant that has not been set-off against the unpaid amount payable by the participant to the clearing manager.</p> <p>(2) If the amount calculated under subclause (1)(a) is a negative amount, the amount must be set to 0.</p> <p>(3) The clearing manager must apply any amount available for the settlement of FTRs in accordance with the following order of priority:</p> <p>(a) to satisfy any amount owing to a participant in respect of FTRs:</p> <p>(b) to satisfy any amount owing to each grid owner for any residual loss and constraint excess under clause 14.[16(7)(b)].</p> <p>(4) If there is an insufficient amount available for the settlement of FTRs, the clearing manager must calculate the revised amount owing in respect of FTRs as follows:</p> <p>(a) first apply the amount available for the settlement of FTRs in the relevant billing period to satisfy each amount owing to a participant in respect of an FTR:</p> <p>(b) if there is an amount remaining for the settlement of FTRs in the relevant billing period after the clearing manager has satisfied each amount owing to a participant in respect of an FTR, the clearing manager must allocate that amount to each grid owner under clause 14.[16(7)(b)]:</p> <p>(c) if there is an insufficient amount to satisfy each amount owing under paragraph (a), the clearing manager must adjust each amount owing to a participant in respect of an FTR according to the following formula:</p>	<p>exceeds the amount of all funds in the FTR account available for the settlement of FTRs in the relevant billing period.</p> <p>(2) The clearing manager must first apply the funds in the FTR account available for the settlement of FTRs in the relevant billing period to satisfy each amount payable to a person in respect of an FTR.</p> <p>(3) If there are any funds remaining in the FTR account available for settlement of FTRs in the relevant billing period after the clearing manager has satisfied each amount payable to a person in respect of an FTR, the clearing manager must pay those funds to each grid owner under clause 14.73(4)(b).</p> <p>(4) If there are insufficient funds to satisfy each amount payable under subclause (2), the clearing manager must adjust each amount payable to a person in respect of an FTR according to the following formula:</p> $A = B \times (C/D)$ <p>where</p> <p>A is the amount payable in respect of the FTR</p> <p>B is the amount specified in a pro forma invoice issued under clause 14.44 as being payable to the payee in respect of that billing period in respect of an amount specified in clause 14.45(ga) or (gb)</p> <p>C is the total amount in the FTR account available for the settlement of FTRs in the relevant billing period</p> <p>D is the sum of all amounts required to settle FTRs in respect of the billing period</p>	

Proposed new provision	Related current provision	Comments
<p style="text-align: center;">$AO_{CM (revised)} = AO_{CM (FTRs)} \times (C_{FTR}/FTR_{Required})$</p> <p>where</p> <p>$AO_{CM (revised)}$ is the revised amount owing by the clearing manager to the participant in respect of FTRs</p> <p>$AO_{CM (FTRs)}$ is the amount advised to the participant under clause 14.[21] as being owing to the participant in respect of that billing period in respect of an amount specified in clause 14.[21(2)(g) or (h)]</p> <p>C_{FTR} is the total amount available for the settlement of FTRs in the relevant billing period</p> <p>$FTR_{Required}$ is the sum of all amounts required to settle FTRs in respect of the billing period</p>		
<p>14.60 Excess amount available for settlement of general amounts or FTRs</p> <p>(1) If, after revising the amounts owing under clauses 14.[58] and 14.[59], there is an excess amount available for the settlement of FTRs, the clearing manager must undertake the process set out in clause 14.[58] again using a revised amount available for the settlement of the general amounts that includes the excess amount for the settlement of FTRs.</p> <p>(2) If, after revising the amounts owing under clauses 14.[58] and 14.[59], there is an excess amount available for the settlement of general amounts, the clearing manager must undertake the process set out in clause 14.[59] again using a revised amount available for the</p>	No equivalent provision.	Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default.

Proposed new provision	Related current provision	Comments
<p>settlement of FTRs that includes the excess amount for the settlement of general amounts.</p>		
<p>14.61 Calculation of interim and revised amount payable</p> <p>(1) The clearing manager must calculate an interim amount payable to each participant to whom an amount is payable by the clearing manager under subpart 5 in accordance with the following formula:</p> <p style="padding-left: 40px;">$AP_{\text{interim}} =$ For any non-defaulting participant: $AO_{\text{CM (revised)}} - AO_{\text{P}} + P$</p> <p style="padding-left: 40px;">For any defaulting participant: $AO_{\text{CM (revised)}}$</p> <p>where</p> <p>AP_{interim} is the interim amount payable to the participant</p> <p>$AO_{\text{CM (revised)}}$ is the sum of the revised amounts owing by the clearing manager to the participant, calculated under clauses 14.[58] and 14.[59]</p> <p>AO_{P} is the sum of the amounts owing by the participant to the clearing manager, calculated under clause 14.[20]</p> <p>P is any amount paid by the participant under clause 14.[33] and, in the case of a defaulting participant, any amount recovered under clause 14.[47(1)(a) or (b)]</p> <p>(2) If the application of the formula in subclause (1) results in an interim amount payable that is positive or 0 for</p>	<p>No equivalent provision.</p>	<p>Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default.</p>

Proposed new provision	Related current provision	Comments
<p>every participant to whom an amount is payable by the clearing manager, the interim amount payable is the revised amount payable by the clearing manager under clause 14.[62].</p> <p>(3) If the application of the formula in subclause (1) results in an interim amount payable that is negative for 1 or more participants to whom an amount is payable by the clearing manager, the clearing manager must calculate the revised amount payable by the clearing manager under clause 14.[62] as follows:</p> <p>(a) for each participant for whom the application of the formula in subclause (1) results in an interim amount payable that is negative, set the revised amount payable for the participant to 0:</p> <p>(b) for each participant for whom the application of the formula in subclause (1) results in an interim amount payable that is positive, calculate the revised amount payable to the participant in accordance with the following formula:</p> $AP_{\text{revised}} = AP_{\text{interim}} + \frac{AO_{\text{negative}} (AO_{\text{CM}} (\text{revised}) / AO_{\text{positive}})}$ <p>where</p> <p>AP_{revised} is the revised amount payable to the participant</p> <p>AP_{interim} is the interim amount payable to the participant, calculated under subclause (1)</p> <p>AO_{negative} is the sum of all revised amounts owing by the clearing manager to a participant for every participant for whom the application of the</p>		

Proposed new provision	Related current provision	Comments
<p>formula in subclause (1) results in an interim amount payable that is negative</p> <p>$AO_{CM (revised)}$ is the sum of the revised amounts owing by the clearing manager to the participant, calculated under clauses 14.[58] and 14.[59]</p> <p>$AO_{positive}$ is the sum of all revised amounts owing by the clearing manager to a participant for every participant for whom the application of the formula in subclause (1) results in an interim amount payable that is positive</p> <p>(4) If the application of the formula in subclause (3)(b) results in a participant having a revised amount payable that is negative, the clearing manager must recalculate the revised amount payable for each participant under subclause (3) using the revised amount payable to the participant as the interim amount payable to the participant.</p>		
<p>14.62 Payment of revised amount payable The clearing manager must pay each participant the revised amount payable in accordance with clause 14.[36] as if references to the amount payable were references to the revised amount payable.</p>	No equivalent provision.	Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default.
<p>14.63 Payment by participant with negative interim amount payable (1) If the application of the formula in clause 14.[61(1)] results in an interim amount payable for a participant that is negative, the participant must pay an amount that is equal to the absolute value <i>To be defined in</i></p>	No equivalent provision.	Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default. Subclauses (3) and (4) are to be reconsidered in light of

Proposed new provision	Related current provision	Comments
<p>Part I] of the interim amount payable in accordance with this clause.</p> <p>(2) The clearing manager must advise the participant of the amount payable.</p> <p>(3) If the clearing manager holds a cash deposit for the participant, the clearing manager must apply such amount of the participant's cash deposit as is available in order to satisfy the amount payable by the participant under this clause.</p> <p>(4) If the clearing manager does not hold a cash deposit for the participant or the amount of the cash deposit is not sufficient to satisfy the amount payable by the participant under this clause, the participant must pay that amount to the clearing manager by 1300 hours on the next business day after the day on which the clearing manager advises the participant of the amount.</p> <p>(5) Clause 14.[34] applies to a payment under this clause.</p> <p>(6) If the clearing manager receives further funds from the defaulting participant, the clearing manager may revise or cancel the amount payable under this clause to reflect the need for the amount payable.</p>		<p>discussion at the 18 April SPSTG meeting.</p>
<p>14.64 Application of payment by participant with negative interim amount payable</p> <p>(1) The clearing manager must allocate the funds received under clause 14.[63] to each participant for whom the application of the formula in clause 14.[61(1)] results in an interim amount payable that is positive.</p> <p>(2) The amount allocated to each participant under this clause is the difference between the interim amount payable and revised amount payable for the participant.</p> <p>(3) The clearing manager must pay each participant the amount allocated under this clause.</p> <p>(4) If there are insufficient funds to pay each participant the amount allocated under this clause, the clearing</p>	<p>No equivalent provision.</p>	<p>Changes to reflect new structure of Part and provisions relating to payments in the event of a settlement default.</p>

Proposed new provision	Related current provision	Comments
<p>manager must adjust the amount payable for each participant based on the proportion that the amount payable to the participant bears to the total amount payable to all participants under this clause.</p>		
<p>14.65 Further funds paid according to priority</p> <p>(1) As further funds are received or recovered from the defaulting participant by the clearing manager, those funds must be allocated to the settlement of general amounts and FTRs and paid in accordance with [this subpart] as if—</p> <p>(a) the further funds had been paid by the defaulting participant on the final day for payment under clause 14.[33]; but</p> <p>(b) with the amount already paid to a participant under this subpart deducted from the amount calculated as payable to the participant.</p> <p>(2) If funds received or recovered by the clearing manager are identifiable as relating to a specific billing period, the clearing manager must apply those funds in satisfaction or part satisfaction of amounts payable by the clearing manager in respect of that billing period.</p> <p>(3) If it is not clear to which billing period the funds relate, the funds must be applied in satisfaction or part satisfaction of amounts payable by the clearing manager in respect of the earliest billing period in respect of which amounts are outstanding to the extent that full payment has not been received by the relevant participants in respect of that billing period.</p>	<p>14.51 Further funds paid according to priority</p> <p>(1) As further funds constituting late payments in respect of any billing period are received by the clearing manager (excluding any amount referred to in clause 14.40(fa) or (fb)), those funds must be paid in accordance with the priorities set out in clause 14.47.</p> <p>(2) If funds received by the clearing manager are identifiable as relating to a specific billing period, then the clearing manager must apply those funds in satisfaction or part satisfaction of amounts payable by the clearing manager in respect of that billing period. However, if it is not clear to which billing period the funds relate, the funds must be applied in satisfaction or part satisfaction of amounts payable by the clearing manager in respect of the earliest billing period in respect of which amounts are outstanding to the extent that full payment has not been received by the relevant payees in relation to the relevant invoice.</p> <p>14.51A Late payments in respect of FTRs</p> <p>(1) As further funds constituting late payments (including any interest payable under clause 14.50(2)) in respect of any billing period are received by the clearing manager in respect of an amount referred to in clause 14.40(fa) or (fb), the clearing manager must pay those funds into the FTR account.</p> <p>(2) The clearing manager must apply late payments received under subclause (1) in satisfaction or part satisfaction of amounts payable (including interest calculated on the same basis as set out in clause 14.50(2) if interest is paid under that subclause) by the clearing manager under clause 14.47A in respect of the billing</p>	<p>Changes to reflect new structure and terminology of Part and new provisions relating to payments in the event of a settlement default.</p>

Proposed new provision	Related current provision	Comments
	<p>period in which the late payments were owed by paying the persons who have received adjusted payments under clause 14.48C in proportion to the amounts owed to each person.</p> <p>(3) To avoid doubt,—</p> <p>(a) the clearing manager must first apply late payments received under subclause (1) to satisfy amounts owed to a person in respect of an FTR; and</p> <p>(b) if the amount received under subclause (1) exceeds the amount required to satisfy amounts owed to a person in respect of an FTR, the clearing manager must pay the residual late payments to each grid owner under clause 14.73(4)(b).</p>	
<p>14.66 Interest payable to participants</p> <p>(1) If a participant does not receive the full amount payable under [this Part], the clearing manager is liable to pay interest on the unpaid amount.</p> <p>(2) The interest must be calculated daily from the date payment would otherwise have been due, at the default interest rate, until the date that payment is actually made by the clearing manager to the participant and compounded at the end of each calendar month.</p> <p>(3) If a participant has not paid any amount payable under [this Part] after the due date for payment, the participant must pay interest on the unpaid amount.</p> <p>(4) The interest must be calculated daily from the date on which the payment was due, at the default interest rate, until the date that full payment is received in cleared funds and compounded at the end of each calendar month.</p>	<p>14.50 Interest is payable to generators</p> <p>(1) Subject to clause 14.53, if a generator does not receive the full amount specified in a pro forma invoice issued under clause 14.44(a), the clearing manager is liable to pay interest on the unpaid amount. The interest must be calculated daily from the date payment would otherwise have been due, at the default interest rate, until the date that payment is actually made by the clearing manager to the generator and compounded at the end of each calendar month.</p> <p>(2) If a payer has not paid any amount due in respect of an invoice after the due date for payment, interest must be payable on the unpaid amount. The interest must be calculated daily from the date on which the payment was due, at the default interest rate, until the date that full payment is received in cleared funds and compounded at the end of each calendar month.</p>	<p>Drafting changes and changes to reflect new terminology of Part.</p>
<p>14.67 Participant to remain in default Despite anything else in this Code, the application of money under [this Part] that does not satisfy the full</p>	<p>14.52 Payer to remain in default Despite anything else in this Code, the application of money under clauses 14.46 to 14.49 and 14.51 (provided</p>	<p>Drafting changes and changes to reflect new terminology of Part.</p>

Proposed new provision	Related current provision	Comments
<p>amount payable by a participant does not—</p> <p>(a) satisfy the obligation of the participant to pay the full amount payable together with the interest due on that amount to the clearing manager or to a participant acting in accordance with clause 14.[53]; or</p> <p>(b) prejudice any remedy available to the clearing manager in an event of default or to a participant under clause 14.[53].</p>	<p>that a payer has still not paid the full amount invoiced and any interest due on that amount) does not—</p> <p>(a) satisfy the obligation of the payer to pay the full amount invoiced together with the interest due on that amount to the clearing manager or to the generators acting in accordance with clause 14.54; or</p> <p>(b) prejudice any remedies available to the clearing manager in an event of default or to the generators under clause 14.54.</p>	
<p>14.68 Clearing manager must establish operating account</p> <p>(1) The clearing manager must establish, in its name, an operating account with a bank.</p> <p>(2) The operating account must—</p> <p>(a) be held by the clearing manager as a trust account for the benefit of the persons who are entitled to receive payment from the clearing manager under this Part; and</p> <p>(b) be clearly identified as such; and</p> <p>(c) subject to this Code, be entirely separate from the cash deposit accounts and any other account of the clearing manager.</p> <p>(3) The clearing manager must obtain an acknowledgement from the bank with which the operating account is held that—</p> <p>(a) the funds in that account are held on trust for the purposes set out in clause 14.[35]; and</p> <p>(b) the bank has no right of set-off or combination in relation to the funds.</p>	<p>14.43 Clearing manager must establish operating account</p> <p>(1) The clearing manager must establish, in its name, an operating account with a bank. The operating account must be held by the clearing manager as a trust account for the benefit of the persons referred to in clause 14.47, must be clearly identified as such and, subject to this Code, be entirely separate from the cash deposit accounts and any other account of the clearing manager. Subject to this Code, payments from the operating account may only be made in accordance with clause 14.48.</p> <p>(2) The clearing manager must obtain an acknowledgement from the bank with which the operating account is held that the funds in that account are held on trust for the purposes set out in clause 14.47 and that the bank has no right of set-off or combination in relation to the funds.</p> <p>14.43A Clearing manager must establish FTR account</p> <p>(1) The clearing manager must establish, in its name, an FTR account with a bank.</p> <p>(2) The FTR account must—</p> <p>(a) be held by the clearing manager as a trust account for the benefit of the persons who are entitled to any payment from the FTR account; and</p>	<p>Drafting changes/clarifications.</p> <p>As noted above, references to the FTR account have been removed due to the proposed move to partial net settlement.</p>

Proposed new provision	Related current provision	Comments
	<ul style="list-style-type: none"> (b) be clearly identified as such; and (c) subject to this Code, be entirely separate from the cash deposit accounts and any other account of the clearing manager. (3) Subject to this Code, the clearing manager may only make payments from the FTR account in accordance with clause 14.48A. (4) The clearing manager must obtain an acknowledgement from the bank with which the FTR account is held that— <ul style="list-style-type: none"> (a) the funds in that account are held on trust for the purposes set out in clause 14.47A; and (b) the bank has no right of set-off or combination in relation to the funds. 	
<p>14.69 Payment by clearing manager</p> <ul style="list-style-type: none"> (1) Each payment required to be made by the clearing manager to the person entitled to the payment must be made by direct payment to the bank account that the person entitled to the payment may advise the clearing manager in writing from time to time. (2) Except as expressly permitted by this Code or as required by law, all payments by the clearing manager under this Part must be free and clear of any withholding or deduction and without any set-off or counter claim. 	<p>14.48 Payment from operating account Subject to clause 14.46, all payments required to be made by the clearing manager from the operating account to the persons entitled to the payments must be made by direct payment to the bank accounts that the persons entitled to the payments may notify the clearing manager in writing from time to time. Except as expressly permitted by this Code or as required by law, the payments must be free and clear of any withholding or deduction and without any set-off or counter claim.</p> <p>14.48A Payment from FTR account</p> <ul style="list-style-type: none"> (1) Subject to clause 14.46, each payment required to be made by the clearing manager from the FTR account to the person entitled to the payment must be made by direct payment to the bank account that the person entitled to the payment may advise the clearing manager in writing from time to time. (2) Except as expressly permitted by this Code or as required by law, all payments from the FTR account must be free and clear of any withholding or deduction and without any set-off or counter claim. 	<p>Drafting changes/clarifications.</p> <p>As noted above, references to the FTR account have been removed due to the proposed move to partial net settlement. References to the operating account have been removed because they are unnecessary.</p>

Proposed new provision	Related current provision	Comments
	<p>14.48B Allocation of funds to FTR account</p> <p>(1) This clause applies if—</p> <ul style="list-style-type: none"> (a) a payer pays an amount in respect of an invoice that is less than the amount of the invoice; and (b) the amount of the invoice includes an amount referred to in clause 14.40(fa) or (fb). <p>(2) The clearing manager must apportion the amount to be transferred to the FTR account and the amount in respect of other amounts invoiced according to the proportion that each amount bears to the total amount invoiced.</p>	
<p>14.70 Monthly divergence reports to be prepared by clearing manager</p> <p>(1) The clearing manager must report to the market administrator in writing under this clause.</p> <p>(2) The clearing manager must give the report to the market administrator—</p> <ul style="list-style-type: none"> (a) on the 10th business day of each calendar month; or (b) if exceptional circumstances prevent the clearing manager from providing the report by that day, as soon as reasonably practicable after that day. <p>(3) The report must include—</p> <ul style="list-style-type: none"> (a) information on any situations where the clearing manager believes, on reasonable grounds, that the clearing manager, or another participant, has breached this Code in the previous calendar month; and (b) the date and time at which each alleged breach took place; and (c) the nature of each alleged breach, including— <ul style="list-style-type: none"> (i) details of the person alleged to be in breach; and (ii) any participants believed to be affected by the alleged breach; and 	<p>14.74 Monthly divergence reports to be prepared by clearing manager</p> <p>Unless exceptional circumstances exist (in which case the report is to be provided as soon as reasonably practicable), the clearing manager must report to the market administrator in writing on the 10th business day of each calendar month, even if the clearing manager has no alleged breaches of this Code to report. The report must include—</p> <ul style="list-style-type: none"> (a) information on any situations where the clearing manager believes, on reasonable grounds, that the clearing manager, or another participant, has breached this Code in the previous calendar month; and (b) the date and time at which each alleged breach took place; and (c) the nature of each alleged breach, including details of the person alleged to be in breach, any payees or payers believed to be affected by the alleged breach, and, in the case of a late invoice, the part of the invoice process that was delayed; and (d) the reason for the alleged breach occurring if the clearing manager is aware of the reason; and 	<p>Drafting changes/clarifications.</p>

Proposed new provision	Related current provision	Comments
<p>(iii) in the case of a delay in advising a participant of an amount owing under clause 14.[18] the part of the process that was delayed; and</p> <p>(d) the reason for the alleged breach occurring if the clearing manager is aware of the reason; and</p> <p>(e) situations in which information about an amount owing was or will be issued late and whether or not the delay was caused by the clearing manager.</p>	<p>(e) situations in which an invoice was or will be issued late and whether or not the delay was caused by the clearing manager.</p>	
<p>14.71 Market administrator must publish clearing manager reports</p> <p>(1) By the 15th business day of each calendar month, the market administrator must publish the sections of the report, received in the previous calendar month from the clearing manager in accordance with clause 14.[70], that relate to any breaches of this Code by the clearing manager.</p> <p>(2) By the 15th business day of each calendar month the market administrator must also refer the report received in the previous calendar month to the Authority.</p>	<p>14.75 Market administrator must publish clearing manager reports</p> <p>(1) By the 15th business day of each calendar month, the market administrator must publish the sections of the report, received in the previous calendar month from the clearing manager in accordance with clause 14.74, that relate to any breaches of this Code by the clearing manager.</p> <p>(2) By the 15th business day of each calendar month the market administrator must also refer the report received in the previous calendar month to the Authority.</p>	No changes.
<p>14.72 Right to information concerning clearing manager's action</p> <p>(1) A participant may, by notice in writing to the clearing manager, request further information related to a situation set out in a clearing manager's report published under clause 14.[71] that has materially affected that person.</p> <p>(2) The clearing manager must provide the requested information to that person, but the information provided must not include any information that is confidential in respect of any other person.</p>	<p>14.76 Right to information concerning clearing manager's action</p> <p>(1) A payee or payer may, by notice in writing to the clearing manager, request further information related to a situation set out in a clearing manager's report published under clause 14.75 that has materially affected that person.</p> <p>(2) The clearing manager must provide the requested information to that person, but the information provided must not include any information that is confidential in respect of any other person.</p>	Changes to reflect new terminology of Part.
<p>14.73 Clearing manager to publish block dispatch</p>	<p>14.78 Clearing manager to publish block dispatch</p>	Drafting changes and changes to

Proposed new provision	Related current provision	Comments
<p>settlement differences</p> <p>(1) By 0900 hours on the 2nd business day after the clearing manager has advised participants of amounts owing under clause 14.[18], the clearing manager must publish the following information for participants on the information system:</p> <p>(a) the maximum block dispatch settlement difference for each block dispatch group for the previous billing period as determined by the following formula:</p> $\text{Settlement Difference} = \text{Max} \left\{ \sum_{gip=1}^{gip} P_{gip} \left\{ \text{Gen}_{gip} - \text{Set}_{gip} \left\{ \frac{\sum \text{Gen}_{gip}}{\sum \text{Set}_{gip}} \right\} \right\} \right\}$ <p>(b) the total block dispatch settlement differences for each block dispatch group for the previous billing period as determined by the following formula: where</p> $\text{Settlement Difference} = \sum_{i=1}^i \left\{ \sum_{gip=1}^{gip} P_{gip,i} \left\{ \text{Gen}_{gip,i} - \text{Set}_{gip,i} \left\{ \frac{\sum \text{Gen}_{gip,i}}{\sum \text{Set}_{gip,i}} \right\} \right\} \right\}$ <p>P_{gip} is the final price at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group for the relevant trading period of the billing period</p> <p>Gen_{gip} is the final quantity of electricity sold by that generator to the clearing manager at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group,</p>	<p>settlement differences</p> <p>(1) By 0900 hours on the 2nd business day after the clearing manager has issued pro forma invoices under clause 14.44(a), if 1 or more trading periods occurred during the billing period to which these pro forma invoices relate, the clearing manager must publish the following information for participants on the information system:</p> <p>(a) the maximum block dispatch settlement difference for each block dispatch group for the previous billing period as determined by the following formula:</p> $\text{Settlement Difference} = \text{Max} \left\{ \sum_{gip=1}^{gip} P_{gip} \left\{ \text{Gen}_{gip} - \text{Set}_{gip} \left\{ \frac{\sum \text{Gen}_{gip}}{\sum \text{Set}_{gip}} \right\} \right\} \right\}$ <p>(b) the total block dispatch settlement differences for each block dispatch group for the previous billing period as determined by the following formula:</p> $\text{Settlement Difference} = \sum_{i=1}^i \left\{ \sum_{gip=1}^{gip} P_{gip,i} \left\{ \text{Gen}_{gip,i} - \text{Set}_{gip,i} \left\{ \frac{\sum \text{Gen}_{gip,i}}{\sum \text{Set}_{gip,i}} \right\} \right\} \right\}$ <p>where</p> <p>P_{gip} is the final price at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group for the relevant trading period of the billing period</p> <p>Gen_{gip} is the final quantity of electricity sold by that generator to the clearing manager at the relevant grid injection point for the generating plant or</p>	<p>reflect new terminology of Part.</p>

Proposed new provision	Related current provision	Comments
<p>obtained from the reconciliation information for the relevant trading period of the billing period</p> <p>Set_{gip} is the generation quantity at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group for the relevant trading period of the billing period</p> <p>$P_{gip,i}$ is the final price at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group for the relevant trading period of the billing period</p> <p>$Gen_{gip,i}$ is the final quantity of electricity sold by that generator to the clearing manager at the relevant grid injection point for the generating plant and generating units that form part of the block dispatch group, obtained from the reconciliation information for the relevant trading period of the billing period</p> <p>$Set_{gip,i}$ is the generation quantity at the relevant grid injection point for the generating plant and generating units that form part of the block dispatch group for the relevant trading period of the billing period.</p> <p>(2) For the purposes of this clause “generation quantity” means the time-weighted average quantity of electricity for that generating plant or generating unit for the relevant trading period, taking into account—</p> <p>(a) the quantity in MW provided to the clearing manager by the system operator in accordance</p>	<p>generating unit that forms part of the block dispatch group, obtained from the reconciliation information for the relevant trading period of the billing period</p> <p>Set_{gip} is the generation quantity at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group for the relevant trading period of the billing period</p> <p>$P_{gip,i}$ is the final price at the relevant grid injection point for the generating plant or generating unit that forms part of the block dispatch group for the relevant trading period of the billing period</p> <p>$Gen_{gip,i}$ is the final quantity of electricity sold by that generator to the clearing manager at the relevant grid injection point for the generating plant and generating units that form part of the block dispatch group, obtained from the reconciliation information for the relevant trading period of the billing period</p> <p>$Set_{gip,i}$ is the generation quantity at the relevant grid injection point for the generating plant and generating units that form part of the block dispatch group for the relevant trading period of the billing period.</p> <p>(2) For the purposes of this clause “generation quantity” means the time-weighted average quantity of electricity for that generating plant or generating unit for the relevant trading period, taking into account—</p>	

Proposed new provision	Related current provision	Comments
<p>with clauses 13.76 to 13.80; and</p> <p>(b) the ramp rate applying to the relevant trading period that is specified in the offer submitted by that generator.</p>	<p>(a) the quantity in MW provided to the clearing manager by the system operator in accordance with clauses 13.76 to 13.80; and</p> <p>(b) the ramp rate applying to the relevant trading period that is specified in the offer submitted by that generator.</p>	
<p>14.74 Clearing manager to publish block dispatch settlement differences later if information system is unavailable</p> <p>(1) If the information system is unavailable to publish the information set out in clause 14.[73] in accordance with that clause, the clearing manager is not obliged to follow any backup procedures in respect of publishing the information.</p> <p>(2) The clearing manager must publish the information as soon as reasonably possible on the information system after the information system becomes available.</p>	<p>14.79 Clearing manager to publish block dispatch settlement differences later if information system is unavailable</p> <p>(1) If the information system is unavailable to publish the information set out in clause 14.78 in accordance with that clause, the clearing manager is not obliged to follow any backup procedures in respect of publishing the information.</p> <p>(2) The clearing manager must publish the information as soon as reasonably possible on the information system after the information system becomes available.</p>	No changes.
<p>14.75 Clause 14.[73] applies to block dispatch groups only</p> <p>The calculation of the block dispatch settlement differences under clause 14.[73] must be completed on a block dispatch group basis, even if a block dispatch group has been divided into sub-block dispatch groups during one or more trading periods of the relevant billing period.</p>	<p>14.80 Clause 14.78 applies to block dispatch groups only</p> <p>The calculation of the block dispatch settlement differences under clause 14.78 must be completed on a block dispatch group basis, even if a block dispatch group has been divided into sub-block dispatch groups during one or more trading periods of the relevant billing period.</p>	No changes.
<p>14.76 No washup calculation under clause 14.[73] if revised reconciliation information is received</p> <p>Following the calculation and publication of the information relating to block dispatch settlement differences in a billing period under clause 14.[73], the clearing manager is not required to recalculate any block dispatch settlement differences as a result of subsequently receiving revised reconciliation information.</p>	<p>14.81 No washup calculation under clause 14.78 if revised reconciliation information is received</p> <p>Following the calculation and publication of the information relating to block dispatch settlement differences in a billing period under clause 14.78, the clearing manager is not required to recalculate any block dispatch settlement differences as a result of subsequently receiving revised reconciliation information.</p>	No changes.

Proposed new provision	Related current provision	Comments
<p>14.77 Notices</p> <p>(1) Except as expressly provided in this Code, a notice or demand given or required to be given under this Part may be given by being delivered or transmitted to the intended recipient at its address or electronic address as last advised in writing to the sender and may be posted to such address by prepaid post.</p> <p>(2) Subject to subclause (3),—</p> <p>(a) a notice or demand delivered by hand is deemed to be delivered on the date of such delivery; and</p> <p>(b) a notice or demand delivered by post is deemed to be delivered on the 2nd business day following the date of posting; and</p> <p>(c) a notice or demand transmitted through the information system is deemed to be delivered on the date it was transmitted.</p> <p>(3) Any notice or demand delivered, or deemed to be delivered, on a day that is not a business day, or after 1600 hours on a business day, is deemed to have been delivered on the next business day.</p>	<p>14.83 Notices</p> <p>(1) Except as expressly provided in this Code, a notice or demand given or required to be given under this Part may be given by being delivered or transmitted to the intended recipient at its address, electronic address or facsimile number as last advised in writing to the sender and may be posted to such address by prepaid post.</p> <p>(2) If any such notice or demand is delivered by hand, it is deemed to be delivered on the date of such delivery, if posted, it is deemed to be delivered on the 2nd business day following the date of posting and, if transmitted by facsimile (in good order) or through the information system, it is deemed to be delivered on the date it was transmitted, except that any notice or demand delivered, or deemed to be delivered, on a day that is not a business day, or after 1600 hours on a business day, is deemed to have been delivered on the next business day.</p>	<p>Drafting changes/clarifications.</p> <p>The reference to facsimile transmission has been removed.</p>
<p style="text-align: center;">Schedule 14.1</p> <p style="text-align: center;">Formula for scaling amount owing in respect of FTRs</p> <p>1 Purpose of this Schedule The purpose of this Schedule is to set out the formula for scaling the amount owing in respect of FTRs if clause 14.[17(4)] applies.</p> <p>2 Formula</p> <p>(1) The formula for scaling the FTR hedge value under clause 14.[17(4)] is as follows:</p> $HV_{\text{Scaled}} = HV \times (C/D)$	<p>14.47A Payments in respect of FTRs</p> <p>...</p> <p>(5) The clearing manager must, in calculating the amount included on an invoice in respect of each FTR under clause 14.40(fa) or 14.45(ga), use an amended FTR hedge value scaled according to the following formula:</p> $A = B \times (C/D)$ <p>where</p> <p>A is the scaled FTR hedge value</p> <p>B is the original FTR hedge value that would be invoiced if this subclause did not apply</p>	<p>Changes to reflect new structure and terminology of Part.</p>

Proposed new provision	Related current provision	Comments
<p>where</p> <p>HV_{Scaled} is the scaled FTR hedge value</p> <p>HV is the original FTR hedge value that would be owing if this subclause did not apply</p> <p>C is the amount calculated in accordance with the formula in subclause (2)</p> <p>D is the amount calculated in accordance with the formula in subclause (3)</p> <p>(2) The value for C in the formula in subclause (1) is as follows:</p> $C = LCE_{FTR} + AC_P + A_P - AC_{CM} - A_{CM}$ <p>where</p> <p>LCE_{FTR} is the amount of the loss and constraint excess to be applied to the settlement of FTRs under clause 14.[16(4) or (5)]</p> <p>AC_P is the sum of any FTR acquisition costs owing to the clearing manager</p> <p>A_P is the sum of any amounts owing to the clearing manager under clause 13.249(4)</p>	<p>C is the amount calculated in accordance with the formula in subclause (6)</p> <p>D is the amount calculated in accordance with the formula in subclause (7)</p> <p>(6) The value for C in the formula in subclause (5) is as follows:</p> $C = E + F + G - H - I$ <p>where</p> <p>E is the amount of the loss and constraint excess to be paid into the FTR account under clause 14.73(2C) or (2D)</p> <p>F is the sum of any FTR acquisition costs payable to the clearing manager</p> <p>G is the sum of any amounts payable to the clearing manager under clause 13.249(4)</p> <p>H is the sum of any FTR acquisition costs payable by the clearing manager</p> <p>I is the sum of any amounts payable by the clearing manager under clause 13.249(7)</p> <p>(7) The value for D in the formula in subclause (5) is as follows:</p> $D = J - K$ <p>where</p>	

Proposed new provision	Related current provision	Comments
<p> AC_{CM} is the sum of any FTR acquisition costs owing by the clearing manager </p> <p> A_{CM} is the sum of any amounts owing by the clearing manager under clause 13.249(7) </p> <p>(3) The value for D in the formula in subclause (1) is as follows:</p> $D = HV_{CM} - HV_P$ <p>where</p> <p> HV_{CM} is the sum of any FTR hedge values owing by the clearing manager </p> <p> HV_P is the sum of any FTR hedge values owing to the clearing manager </p>	<p> J is the sum of any FTR hedge values payable by the clearing manager </p> <p> K is the sum of any FTR hedge values payable to the clearing manager </p>	
<p style="text-align: center;">Schedule 14.2</p> <p style="text-align: center;">Consultation and approval requirements for methodologies</p> <p>1 Purpose of this Schedule</p> <p>This Schedule sets out the consultation and approval requirements that apply to the following methodologies formulated and published by the clearing manager:</p> <p>(a) the methodology for determining the prudential risk management amount under clause 14.[22]:</p> <p>(b) the methodology for determining the forward estimate of the minimum amount for which security will be required to be provided by a participant under clause [14A.5]:</p>	<p>No equivalent provision.</p>	<p>Consultation and approval requirements are based on existing provisions in the Code relating to consultation and approval of the FTR allocation plan and the methodology for determining the level of security required in respect of FTRs.</p>

Proposed new provision	Related current provision	Comments
<p>(c) the methodology for determining the general prudential requirement under clause [8] of Schedule 14A.1:</p> <p>(d) the methodology for determining the minimum security required in respect of FTRs under clause [13] of Schedule 14A.1.</p> <p>2 Approval of methodology</p> <p>(1) The clearing manager must submit to the Authority for approval a draft methodology.</p> <p>(2) In preparing the draft methodology, the clearing manager must—</p> <p>(a) consult with persons that the clearing manager thinks are representative of the interests of persons likely to be substantially affected by the methodology; and</p> <p>(b) consider submissions made on the methodology.</p> <p>(3) The clearing manager must provide a copy of each submission received under subclause (2) to the Authority.</p> <p>(4) The Authority must, as soon as practicable after receiving the draft methodology, by notice in writing to the clearing manager—</p> <p>(a) approve the methodology; or</p> <p>(b) decline to approve the methodology.</p> <p>(5) If the Authority declines to approve the draft methodology, the Authority must publish the changes that the Authority wishes the clearing manager to make to the draft methodology.</p> <p>3 Consultation on proposed changes to methodology</p> <p>(1) When the Authority publishes the changes that the Authority wishes the clearing manager to make to the draft methodology under clause 2(5), the Authority must notify the clearing manager and interested parties of the date by which submissions on the changes must</p>		

Proposed new provision	Related current provision	Comments
<p>be received by the Authority.</p> <p>(2) Each submission on the changes to the draft methodology must be made in writing to the Authority and be received on or before the date specified by the Authority under subclause (1).</p> <p>(3) The Authority must—</p> <p>(a) provide a copy of each submission received to the clearing manager; and</p> <p>(b) publish the submissions.</p> <p>(4) The clearing manager may make its own submission on the changes to the draft methodology and the submissions received in relation to the changes.</p> <p>(5) The Authority must publish the clearing manager's submission when it is received.</p> <p>(6) The Authority must consider the submissions made to it on the changes to the draft methodology.</p> <p>(7) Following the consultation required by subclauses (1) to (6), the Authority may approve the methodology subject to the changes that the Authority considers appropriate being made by the clearing manager.</p> <p>4 Variations to methodology</p> <p>(1) A participant or the Authority may submit a proposal for a variation to the methodology.</p> <p>(2) The clearing manager must provide a copy of each proposed variation received from a participant under subclause (1) to the Authority.</p> <p>(3) The clearing manager must consider a proposed variation to the methodology submitted under subclause (1).</p> <p>(4) The clearing manager may submit a request for a variation to the methodology to the Authority.</p> <p>(5) The consultation and approval requirements under clauses 2 and 3 apply to a request for a variation submitted under subclause (4) as if references to the draft methodology were a reference to the requested</p>		

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<p>variation.</p> <p>(6) If the clearing manager does not submit a request for a variation submitted under subclause (1) to the Authority under subclause (4), the Authority may consider the proposal and require the clearing manager to submit a request for a variation based on the proposal to the Authority, and subclause (5) applies accordingly.</p> <p>(7) The Authority may approve a variation requested under subclause (4) or subclause (6) without complying with the provisions referred to in subclause (5) if—</p> <p>(a) the Authority considers that it is necessary or desirable in the public interest that the requested variation be made urgently; and</p> <p>(b) the Authority publishes a notice of the variation and a statement of the reasons why the urgent variation is needed.</p> <p>(8) Every variation made under subclause (7) expires on the date that is 9 months after the date on which the variation is made.</p>		
<p style="text-align: center;">Schedule 14.3</p> <p>Calculation of amount of loss and constraint excess to be applied to the settlement of FTRs</p>	<p style="text-align: center;">Schedule 14.6</p> <p>Calculation of amount of loss and constraint excess to be paid into FTR account</p>	<p>Changes to reflect changes to terminology and cross-references in Part 14.</p>