

## Sample Confirmation – energy offset ex ante reallocation transaction

[Date]

Reference Number [     ]

[Name and address of counterparty]

### Reallocation Transaction

1. The purpose of this letter is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (“**Reallocation Transaction**”). This Reallocation Transaction is governed by the terms of the 2002 ISDA Master Agreement dated [insert] between [Party A] and [Party B] as amended from time to time (“**Master Agreement**”) in which it is incorporated. The parties agree that this Transaction should be treated as if it were a Commodity Transaction (as defined in the June 2006 Australian Electricity Addendum).

2. The terms of the particular Reallocation Transaction to which this Confirmation relates are as follows:

Notional Quantity per Calculation Period:     The quantity set out in the attachment for that Calculation Period.

Trade Date:

Effective Date:

Termination Date:

Calculation Period(s):     Each period of 30 minutes set out in the third column of the attachment.

[Settlement Date(s):]

[Business Days:]

Credit Party:     Party [A/B]

Debit Party:     Party [A/B]

### **Fixed Amount Details**

Fixed Price Payer:     Credit Party

Fixed Price:     [insert]

Fixed Amount Payment Date:     [insert]/[Settlement Date]

### **Floating Amount Details:**

Floating Price Payer:     Credit Party

Floating Amount:     means for each Calculation Period under this Transaction an amount equal to the amount allocated to the Credit Party by AEMO in respect of the *trading interval* corresponding to that Calculation Period as a result of the delivery of the Reallocation Benefit.

Floating Amount Payment Date: [insert]/[Settlement Date]

**Reallocation Transaction Details:**

Reallocation type: Ex Ante Reallocation

Agreement type: MWh

Day type: [Flat]

Energy amount: [Notional Quantity]

Start Date: [Effective Date]

End Date: [Termination Date]

Region: [insert]

**3. Submission of Reallocation Request**

If the Credit Party wants to make a request for delivery of a Reallocation Benefit for the *trading intervals* within the Term, the Credit Party agrees to submit a *reallocation request* in accordance with the Reallocation Procedures and notify the Debit Party when this has occurred on or before the Request Date. The *reallocation request* must reflect the Reallocation Transaction Details described in this Confirmation.

**4. Authorisation of Reallocation Request**

If the Credit Party:

- (a) submits a *reallocation request* in accordance with paragraph (3) of this Confirmation on or before the Request Date of this Confirmation; and
- (b) has entered into a letter of agreement with *AEMO* to facilitate the processing of *reallocation transactions*,

then, on or before the close of business on the *business day* after the Request Date, the Debit Party must deliver a Reallocation Benefit by completing all necessary steps in accordance with the Reallocation Procedures to authorise that *reallocation request* and notify the Credit Party when this has occurred.

If the Credit Party:

- (c) submits a *reallocation request* in accordance with paragraph (3) of this Confirmation after the Request Date of this Confirmation; and
- (d) has entered into a letter of agreement with *AEMO* to facilitate the processing of *reallocation transactions*,

then, on or before the close of business on the *business day* after the request is made, the Debit Party may choose to complete all necessary steps in accordance with the Reallocation Procedures to authorise that *reallocation request* and notify the Credit Party when this has occurred.

By completing all of those necessary steps and notifying the Credit Party, the Debit Party is taken to have delivered the Reallocation Benefit to the Credit Party (whether or not the Credit Party has completely satisfied (a) or (b)) even if *AEMO* does not register, or deregisters, the *reallocation*

*request* due to reasons which are beyond the control of, and which are not specifically related to, the Debit Party.

## 5. Payment of Floating Amount

Despite Article VI of the Commodity Definitions, only if the Debit Party authorises the *reallocation request* in accordance with paragraph (4) and AEMO has specified (which may be through its settlement report) that the relevant *trading amounts* are due to be allocated to the Credit Party, then on the Floating Amount Payment Date the Credit Party must pay the Floating Amount to the Debit Party. The Credit Party is not required to pay the Floating Amount to the Debit Party if the Debit Party does not authorise the *reallocation request* in accordance with paragraph (4) or if AEMO does not specify that the relevant *trading amounts* are due to be allocated to the Credit Party.

## 6. Early Termination

- (a) If an Early Termination Date is designated under Section 6(a) of the Master Agreement and:
- (i) a *reallocation request* has been submitted to AEMO under paragraph (3) and authorised under paragraph (4); and
  - (ii) the last *trading interval* to which the *reallocation request* applies has not yet occurred,
- then
- (iii) this Transaction is not a Terminated Transaction; and
  - (iv) an Early Termination Date will occur immediately in respect of this Transaction upon the first to occur of:
    - (A) the first *trading interval* in relation to which a *reallocation transaction* does not occur following a deregistration by AEMO of the relevant *reallocation request* under Rule 3.15.11 of the National Rules; and
    - (B) the end of the last *trading interval* to which a *reallocation request* applies in respect of this Transaction that has been submitted to AEMO and authorised under paragraph (4) of this Confirmation,and this Transaction will become a Terminated Transaction accordingly;
  - (v) upon becoming aware of the designation, the Non-defaulting Party may, if both parties remain eligible to submit and authorise *reallocation requests*, submit one or more *reallocation requests* in accordance with the Reallocation Procedures, and notify the Defaulting Party when this has occurred, which have the combined effect of reversing this Transaction. The *reallocation requests* must reflect the same details for this Transaction with either the credit and debit parties reversed or the sign of each value reversed. The other party must promptly authorise each such *reallocation request* in accordance with the Reallocation Procedures; and
  - (vi) the Non-defaulting Party may notify AEMO that an Early Termination Date has been designated under the Agreement, unless the parties agree otherwise.
- (b) If an Early Termination Date is designated under Section 6(b)(iv) of this Agreement, paragraph (6)(a) will apply to this Transaction if it is an Affected Transaction, with the reference to the Non-defaulting Party taken to be a reference to the Non-affected Party or either of the Affected Parties, as the case may be.

## 7. Additional Market Disruption Event

[The parties agree that the following constitutes an Additional Market Disruption Event:

Changes are made to the National Rules or Reallocation Procedures that have caused a material effect on the consequences of *reallocation transactions* the subject of those Reallocation Transactions.]

## 8. Definitions

The following definitions apply to this Confirmation:

**Reallocation Benefit** means an allocation by *AEMO* of a *trading amount* in respect of a *trading interval* arising from a *reallocation request*.

**Reallocation Procedures** means the procedures described in the document entitled "Reallocation Procedure: Energy and Dollar Offset Reallocations" published by *AEMO* which has an effective date of 5 May 2011, as replaced, updated or re-issued from time to time.

**Reallocation Procedures Registration Deadline** for a *trading interval* means the last *business day* upon which a reallocation request for that *trading interval* must be registered to be processed as an *ex ante* reallocation, as determined under the reallocation timetable.

**Request Date** means the third *business day* before the Reallocation Procedures Registration Deadline for the first *trading interval* that falls in the Term of this Transaction.

Italicised terms used in this Confirmation have the same meaning when used in this Confirmation as in the Reallocation Procedures and the National Rules.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely

[name of party preparing Confirmation]

By:

Name

Title:

Confirmed as of the date first written:

[name of other party]

By:

Name:

Title:]

[Please confirm that the foregoing correctly sets forth the terms of our agreement by sending us a Confirmation substantially the same as this Confirmation or by sending us a Confirmation in the following terms:

We acknowledge receipt of your Confirmation dated [date] with respect to the transaction with reference no [ ]. We confirm that the Confirmation correctly sets forth the terms of our agreement.

Yours sincerely

[name of party preparing reply]

By:

Name:

Title:"]

**Attachment**

<b>Date</b>	<b>Calculation Period  (Number)</b>	<b>Calculation Period  (Eastern Standard Time)</b>	<b>Capacity  (MW)</b>	<b>Notional Quantity  (MWh)</b>
#	1	0000 - 0030		
	2	0030 - 0100		
	3	0100 - 0130		
	4	0130 - 0200		
	5	0200 - 0230		
	6	0230 - 0300		
	7	0300 - 0330		
	8	0330 - 0400		
	9	0400 - 0430		
	10	0430 - 0500		
	11	0500 - 0530		
	12	0530 - 0600		
	13	0600 - 0630		
	14	0630 - 0700		
	15	0700 - 0730		
	16	0730 - 0800		
	17	0800 - 0830		
	18	0830 - 0900		
	19	0900 - 0930		
	20	0930 - 1000		
	21	1000 - 1030		
	22	1030 - 1100		
	23	1100 - 1130		
	24	1130 - 1200		
	25	1200 - 1230		
	26	1230 - 1300		
	27	1300 - 1330		
	28	1330 - 1400		
	29	1400 - 1430		
	30	1430 - 1500		
	31	1500 - 1530		
	32	1530 - 1600		
	33	1600 - 1630		
	34	1630 - 1700		
	35	1700 - 1730		
	36	1730 - 1800		
	37	1800 - 1830		
	38	1830 - 1900		
	39	1900 - 1930		
	40	1930 - 2000		
	41	2000 - 2030		
	42	2030 - 2100		
	43	2100 - 2130		
	44	2130 - 2200		
	45	2200 - 2230		
	46	2230 - 2300		
	47	2300 - 2330		
	48	2330 - 2400		