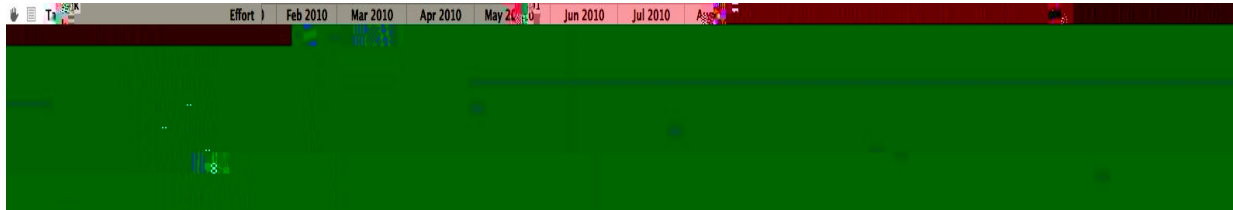


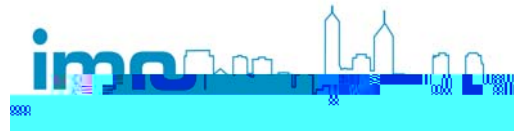
The diagram below shows how the Adjustment Process would operate within the current requirements specified in the Market Rules:



In practice the IMO's Adjustment Process ends following the third adjustment at $n+11$ rather than following a fourth adjustment at $n+14$. Since market start the IMO has carried out adjustments to invoices three months after the initial settlement run (i.e. five months after the trade month), with a further two adjustments made at the six and nine month marks after initial settlement (i.e. eight and 11 months after the trade month).

Because the Adjustment Process commences every three months and takes three months to complete, based on current practice the Adjustment Process reviews nine Settlement Statements that were issued in the 12 months prior to the commencement of the Adjustment Process, rather than all 12 of those issued in the 12 months prior to the commencement of the Adjustment Process.

This means that in any calendar month the IMO is performing an initial settlement run (for trading month $n-2$) and three adjustments (for trading months $n-5$, $n-8$ and $n-11$). In this w58 7 TD.00127trading



The IMO's proposes to change the Market Rules to reflect the process that has been carried out since market start with respect to Non-STEM adjustments. In addition, the IMO considers it would also be beneficial to clarify and make explicit the definition of Relevant Settlement Statements for the purposes of the adjustment process to distinguish between STEM and Non-STEM Settlement Statements and the circumstances in which each type of statement may be adjusted.

The proposed amendments would provide for:

- Monthly adjustments of STEM Settlement Statements where a Notice of Dispute or Notice of Disagreement had been resolved, and the resolution required new Settlement Statements to be issued; and
- Monthly adjustments of Non-STEM Settlement Statements. Each Non-STEM Settlement Statement would be adjusted three times, at three-monthly intervals, over a nine-month period. The adjustments would take into account revised metering data as well as any resolved Notice of Disputes or Disagreements. The period from the start of the trading month to the final adjustment would be eleven months.

2. Explain the reason for the degree of urgency:

The IMO proposes that this Rule Change Proposal be progressed through the Standard Rule Change Process.

3. Provide any proposed specific changes to particular Rules: (for clarity, please use the current wording of the Rules and place a ~~strickthrough~~ where words are deleted and underline words added)

9.16.3. The IMO must undertake a process for adjusting settlements ("**Adjustment Process**") in accordance with clause 9.19. ~~at least once every three months~~. The purpose of the process is to review the relevant Settlement Statements which were issued in the 42 nine months prior to the commencement of the Adjustment Process ("**Relevant Settlement Statements**").

