AEMC

ATTACHMENT 1

STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper. Stakeholders are also encouraged to provide evidence to support claims where possible.

SUBMITTER DETAILS

ORGANISATION:	n/a
CONTACT NAME:	Ms Rachel Barley
EMAIL:	Confidential: Confidential information has been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA) and sections 31 and 48 of the National Electricity Law.
PHONE:	

CHAPTER 4 – SECTION 4.1 – TIME PERIOD FOR DELAY

Question 1 – Time period for delay	
a) If a delay to the start date of 5MS is necessary, is a 12-month delay appropriate? Alternatively, please explain why another time period is preferable and, if applicable, the implications on cash flow and capacity? Would the rules need to commence at the start of a quarter to align with the contract market, or could 5ms commence mid-quarter? What would be the impact of a mid-quarter commencement?	No delay to the introduction of the 5 minute rule is necessary or desirable. The new rule was made in 2017 with an announced commencement date of 2021. Four years is a long lead time and generating companies have had adequate time to prepare. Delaying the introduction in fact penalises any more efficient generators who have advanced their preparations. Furthermore, COVID19 has not caused any significant change to the market that would justify a delay. While new renewable energy generators continue to enter the market placing downward pressure on prices, this has been foreseeable for a long time. Again, delaying the new rule only benefits generators who have failed to adequately plan and adapt to the evolving market at the expense of more adaptive businesses.

	The new rule is expected to lead to substantial reductions in retail electricity costs, an effect due solely to it preventing the obvious rorting of the 30 minute rule currently in force. There is no moral or economic reason to extend the life of a market-distoring practice that hurts the public interest. Introduction of the new rule in 2021 is especially important given the economic recession expected to occur in 2020/2021 as a result of COVID19. Governments at every level are actively looking for ways to mitigate the recession by stimulating new economic activity, with a focus on jobs creation, new production, and increasing household income. What better time could there be to introduce a measure that simultaneously reduces the costs of production across every sector of the economy and increases household disposable income! If it were practicable, I would argue to expedite the introduction of the rule and bring it forward to 2020 for this reason.
b) What is the appropriate date for the commencement of the 'soft' and 'hard' starts for global settlement? Should this be a linear move by the number of months of delay, or should the dates change to another timeframe?	The sooner the better, limited only by the ability of the fastest adapters to manage the transition.
c) If there is a 12-month delay to the start date of 5MS and GS, is it still appropriate that all new and replacement meters (other than 4A) installed after 1 December 2018, and type 4A meters installed after 1 December 2019, be required to record and provide 5-minute data by 1 December 2022? If not, why and what time period would be appropriate?	
d) If global settlement is delayed, by what date should AEMO prepare and publish the first report on unaccounted for energy required under cl 3.15B(a)?	
e) Cl 11.112.6 states that AEMO must make and publish the unaccounted for energy reporting guidelines required under new cl 3.15.5B(d) by 1 December 2022. What is the appropriate date for the publication of these reporting guidelines if there is a delay to global settlement?	

CHAPTER 4 – SECTION 4.2 – PARTICIPANT COSTS AND CAPACITY

Question 2 – Participant costs	
a) What is the expected impact of COVID-19 on participant cash flows? How material is this impact? How long are these cash flow impacts expected to last?	I suggest to AEMC that in analysing the responses to this section, consideration of any adverse impacts that were not foreseeable in 2017 should be heavily discounted. To give weighting in decision making now to issues of cost that have been foreseeable for 4 years, is to reward inefficient producers at the expense of efficient producers; in fact it rewards deliberate stalling and stonewalling tactics. Producers should demonstrate that the increased cost was not foreseeable. Further they should demonstrate that the cost would cause an increase in electricity prices for consumers that outweighs or reverses the benefit expected to result from introduction of the 5 minute rule.
b) For participants that are required to implement changes to IT systems and procedures for 5MS and GS, how would the proposed 12 month delay impact your implementation costs? Please quantify and provide evidence where possible. Any confidential cost information will be treated as confidential and redacted from submissions published on the AEMC's website.	see above
c) To what extent can additional market testing periods run by AEMO minimise costs associated with the delayed commencement of 5MS and GS? To what extent do participants rely on B2B data flows for 5MS and GS testing?	see above

Question 3 – Participant capacity	
d) To what extent has COVID-19 affected participants' ability to implement the necessary changes for 5MS and GS by 1 July 2021?	Responses to this section should be made public to allow indepenant scrutiny. We are all aware that COVID19 has not significantly reduced electricity consumption. It may have delayed some construction projects – which should if anything benefit the old generators by reducing the increased competition by new, lower-cost generators. It is unlikely to have

	significantly affected either economic planning or IT development, which are the fields most involved in operationalising the rule.

CHAPTER 4 – SECTION 4.3 – ELECTRICITY CONTRACT MARKET IMPLICATIONS

Question 4 – Electricity contract market	
a) To what extent have you purchased 5-minute cap products for FY 2021-22? What would the impact of a delay be to the value of those 5-minute cap products as risk management products for your business?	I suggest to AEMC that in analysing the responses to this section, care should be taken not to reward poor performers who have not adequately planned and prepared for implementation in 2021. If a change in implementation date would have adverse impacts on better-prepared generators, then making this change makes an unlevel playing field and also would substantially damage the reputation and credibility of the AEMC.
b) Would a delay to commencement of 5MS impact swap, captions or any other financial hedging products trading for FY2021-22 and beyond? If so, how?	

CHAPTER 4 – SECTION 4.4 – DELAYED BENEFITS

Question 5 – Delayed benefits	
a) To what extent were investments that have been made, or are planned to be made, in technologies that are capable of responding to a five-minute price signal, dependent on the 5MS rule commencing on 1 July 2021, as opposed to other factors? What effect would a 12-month delay have on the expected return on investment for these assets? Please quantify and provide evidence, noting that submissions can be treated as confidential if requested, or confidential information can be redacted from submissions published on the AEMC's website.	I suggest to AEMC that in analysing the responses to this section, care should be taken not to reward poor performers who have not adequately planned and prepared for implementation in 2021. If a change in implementation date would have adverse impacts on better-prepared generators, then making this change makes an unlevel playing field and also would substantially damage the reputation and credibility of the AEMC.
b) To what extent would a 12-month delay to the start of 5MS and/or GS delay the realisation of other benefits for individual participants and/or the industry as a whole? Please quantify and provide evidence, noting that submissions can be treated as confidential if requested, or confidential information can be redacted from submissions published on the AEMC's website.	

CHAPTER 4 – SECTION 4.5 – IMPLICATIONS OF DELAY ON RULE DRAFTING, PROCEDURES AND DETERMINATIONS

Question 6 – Drafting and procedure implications of delay	
a) Is there any feedback on the high-level description of a potential rule presented in Appendix A? Are there any other interactions with affected rules and schedules that have not been identified?	
b) Should AEMO, the AER and the IEC be required to review and if necessary, amend their relevant procedures to take into account a delay to five minute and global settlement?	
c) In its rule change request, AEMO proposes that there should be no consultation on any changes to its procedures if those changes are solely related to a delay to five minute and global settlement. Are there any reasons that this could be an issue?	There are about 9 million reasons – that being the estimated number of customers in the National Electicity Market. Delaying a change that benefits these customers at a time when economic stimulus is deparately needed should be subject to wide public consultation – not just an industry-focused submission process.