

16th June 2016

To
Ben Noone
Australian Energy Markets Commission.

Re 5 Minute Settlement Rule Change

Dear Ben

Thanks for the opportunity to comment on Sun Metal's proposed change to settlement procedures.

Reposit Power manages batteries on behalf of market participants and consumers. Reposit's control system is responsive to the spot price. Reposit confirm's Sun Metal's contention that batteries can easily operate in- and benefit from- a five minute settled price. Batteries tend to have very fast, bi-directional capability, but sometimes cannot sustain the behavior for very long.

Reposit believes the market is increasingly needing energy with the profile offered by batteries (fast, short duration, bi-directional) and market entry signals should be encouraged by the AEMC. Reposit believes that the proposed changes would encourage entry of generators and consumers equipped with market responsive batteries.

Reposit also believes the change would reduce the opportunity price manipulation and result in a more efficient price. It would reduce the opportunity for slow generators to benefit from a short-duration supply shortage, which they do not meaningfully help alleviate.

Reposit believes that it would be possible and beneficial to 'generalise' the SCADA 'profiling' proposed by Sun Metals so that it applied on both sides of the market. This profiling can also be done on the demand side when the energy management systems (such as Reposit's) are collecting high resolution data. In the case of Reposit, the accuracy quoted for SCADA (2-4%) would be much improved and the data is readily available via an API. This would be preferable (in the short/medium term) to creating a new category of interval metering, which would be very costly to roll out..

As consumers acquire the means to instantly alter demand, hedge contracts such as those discussed by the consultation papers, may be replaced by the physical response of the battery. Reposit believes that new 5 minute financial products are quite feasible but will be supplemented by market-responsive battery capacity on both generation and demand sides of the market.

Thanks for the opportunity to comment on this rule change.

Yours sincerely,

Luke Osborne

Director