

30 July 2021

Ms Anna Collyer
Chair, Australian Energy Market Commission

By electronic submission

Dear Ms Collyer

Rule change proposal – Five Minute Settlement and Global Settlement (Soft Start) –
Contingency Arrangements for Managing Start Date Risk

AEMO submits the attached Rule change proposal under section 91 of the National Electricity Law, with a request that the AEMC consider it as an urgent rule under section 96.

The Rule change proposal outlines contingency arrangements for managing start date risk for commencement of the 5MS rule, if an issue emerges that necessitates a delay. The Rule change identifies other Rules that may be consequentially impacted.

To be clear, the 5MS Program is on track for commencement on 1 October 2021 and is expected to commence on that date. This Rule change proposal is submitted as a precautionary measure recognising that major technology change programs of this type are susceptible to late issues that only become evident near the go-live date.

A 5MS start notice will be provided to industry participants and submitted to the AEMC no later than 1 September 2021. This notice will provide a 5MS Go/No-Go decision. It will either outline that the existing commencement date will proceed or, if a new date is required: provide a summary of the issue, the time needed to remediate the issue and AEMO's recommended alternative commencement date.

The Rule change proposal provides further detail and discusses three alternative commencement dates, should they be required.

Any questions on this Rule change proposal should be directed to Kevin Ly, Group Manager - Regulation kevin.ly@aemo.com.au.

Yours sincerely



Tony Chappel
Chief External Affairs Officer

Attachment: Rule change proposal

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8080

ELECTRICITY RULE CHANGE PROPOSAL

FIVE MINUTE SETTLEMENT AND GLOBAL SETTLEMENT –
CONTINGENCY ARRANGEMENTS FOR MANAGING START
DATE RISK

July 2021





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1. SUMMARY

The Five Minute Settlement (5MS) rule and Global Settlement (soft start) rule are scheduled to commence on 1 October 2021. The program to implement 5MS is complex and high risk. At the time of submission of this rule change request, the 5MS Program is on track for commencement on 1 October 2021 and is expected to commence on that date accordingly. However, as with any program of this complexity, risks exist and issues could still arise that cannot be resolved in time for a successful market go live. Accordingly, a change to the commencement date may be unavoidable. AEMO has developed a contingency plan as a precautionary measure in consultation with the 5MS industry Program Consultative Forum to mitigate the impact of such an event arising.

This rule change request is submitted as a precautionary measure in line with the contingency approach discussed with the 5MS industry Program Consultative Forum. The purpose of this rule change request is to allow for a contingency that causes a need to change the commencement date for 5MS and Global Settlement (soft start). For convenience, references in this document to 5MS commencement should be read to include both 5MS and Global Settlements (soft start).

AEMO requests that the AEMC make a final determination, and if necessary a final rule, in relation to the commencement date for 5MS, following receipt of a '5MS start notice' by AEMO. The 5MS start notice will be a submission to the AEMC rule change consultation process and will provide a go or no go status against the 1 October 2021 commencement date.

The 5MS start notice will be provided to affected industry participants and submitted to the AEMC no later than 1 September 2021, one month prior to scheduled 5MS commencement.

If it becomes apparent that 5MS commencement on 1 October 2021 is not feasible, AEMO's 5MS start notice will provide a summary of the issue, the time needed to remediate the issue and AEMO's recommended alternative commencement date.

This rule change request:

- Sets out the key risks that may lead to a contingency scenario that will require a deferral of the 5MS commencement date,
- Identifies the risks and issues that may arise for market operations if the 5MS rule obligations commence without the supporting systems, processes and infrastructure (e.g. metering) in place and proven,
- Identifies the criteria against which AEMO will assess market readiness for 5MS commencement,
- Sets out possible alternative 5MS commencement dates, depending on the issue and the time to remediate,
- Identifies other consequentially impacted regulatory initiatives and proposes an approach for managing the implementation dates for those initiatives,
- Requests that the AEMC consider this as a request for an urgent rule as the inability to implement 5MS on 1 October 2021 will prejudice the effective operation of the wholesale exchange, because AEMO would be unable to settle the market in accordance with the National Electricity Rules (the Rules) from that date.



2. DESCRIPTION OF RULE CHANGE REQUEST

The rule change request proposes to change the commencement date of 5MS in the Rules from 1 October 2021 to an alternative market start date, if an issue emerges that necessitates a delay to the current commencement date.

An alternative market start date may be determined by the AEMC, informed by the AEMO 5MS start notice. AEMO's 5MS start notice will be provided to affected industry participants and submitted to the AEMC no later than 1 September 2021. It will notify the market and market bodies if a 1 October 2021 commencement date is no longer feasible, and will recommend an alternative date for 5MS and, where necessary, consequential changes to the commencement dates for other rules and regulatory initiatives whose implementation is impacted by the 5MS delay.

3. STATEMENT OF ISSUE

3.1 Issues with the current Rule

As set out in the summary, this rule change request is a precautionary measure, intended to change the commencement date for all aspects of the 5MS rule, if AEMO advises the AEMC in a 5MS start notice that it will not be feasible to commence 5MS on 1 October 2021. Based on the current 5MS program readiness status, the need for the rule commencement date to change should not materialise and in this instance market start would remain as 1 October 2021. However, while the overall 5MS program readiness status is currently rated as on schedule, the program faces a number of key risks including the potential for:

- Unexpected significant issue arising during the 5MS Market Trial, and
- Essential capability issue for participant readiness (without a contingency response).

If either of these risks eventuates and cannot be effectively addressed or mitigated in time for 5MS commencement by 1 October 2021, a change to the 5MS commencement date will be necessary. The current Rules prescribe the 1 October 2021 start date, with no adjustment mechanism other than to request a rule change.

If the 5MS commencement date remained unchanged in the event of an avoidable delay, the potential consequences of this type of contingency could be very significant. If not managed effectively the potential ramifications could include AEMO not being able to settle the market on a 5 minute basis, with prudential arrangements being compromised leading to increased financial risk to both AEMO and market participants and disruption to the wholesale electricity market.

The go/no-go decision for 5MS will be determined based on whether market readiness criteria can be met by AEMO and market participants as at 1 October 2021. The market readiness criteria have been well established by the 5MS Program, and are set out in the following essential capability requirements:

- Generators and Market Network Service Providers are able to submit 5 minute offers.
- Metering Providers, Metering Coordinators and Metering Data Providers ensure all essential meters are able to produce, store and deliver 5 minute data.
- AEMO successfully deploys:
 - 5 minute bidding and dispatch solution, including the web bidding interface, and
 - The metering data management (MDM) solution, and
 - 5 minute settlements solution.

Note there are other industry capabilities that are required for 5MS (for example retailers and distributors being able to receive and process 5 minute metering data into their own systems), but the above are considered minimum mandatory requirements for rule commencement.

This rule change request can be applied where any of the essential capability criteria are not met.



AEMO and the industry continue to monitor, assess and mitigate these risks in accordance with the risk management and readiness monitoring framework. This rule change request forms part of AEMO's risk management plan to manage readiness risks and ensure the effective delivery of 5MS in accordance with Rules.

If a contingency scenario arises, any recommended alternative market start date would be based on AEMO's estimate of the necessary remediation time, and as such will depend on the extent and nature of the identified issue. Stakeholder feedback provided through the recent update to AEMO's regulatory implementation roadmap (version 5) consultation and 5MS industry Program Consultative Forums will also be considered in AEMO making any recommendation. As any change to the commencement of 5MS will likely have impacts for other regulatory initiatives due to commence in 2021 and 2022, these potential consequences will also be factored into any AEMO recommendation. Section 3.2 discusses in further detail alternative commencement dates.

3.2 Alternative 5MS Commencement Date

Any decision to recommend an alternative 5MS commencement date will be based on an assessment of whether the essential capability requirements can be met by AEMO and market participants as at 1 October 2021.

An alternative date will be primarily dictated by the time required to resolve essential capability requirement issues. While AEMO would seek to minimise any delay to 5MS, this rule change request contemplates two contingency scenarios – one necessitating a short delay and another necessitating an extended delay. These contingency scenarios:

- Assume Global Settlement (soft start) remains bundled with 5MS,
- Consider the implications for other regulatory initiatives due to commence in 2021 and 2022,
- Consider stakeholder feedback,
- Assume a change freeze period is observed between 17 December 2021 and 28 January 2022. Through discussions with market participants it has been noted that end of year activities and holiday leave arrangements result in lower resource availability meaning that it is undesirable to manage a major change during this period.
- Assume that as a transitional matter, any changes that are required to already-determined procedures for the sole purpose of deferring the effective date of 5MS or any other rule changes should not require consultation.

A change to the 5MS commencement date has a number of significant potential impacts:

- Benefits of the reform will be delayed.
- Participant and AEMO implementation programs will require adjustment to align with the new date. This will impact resource allocation and program costs.
- Market participants have entered into financial hedging contracts for the 5MS market. Continuation of the 30MS market will alter the risk exposure for participants who have hedged on the basis of 5MS instruments and may require adjustment of contract positions.
- Impacts on other programs – whether they are regulatory implementation programs or business initiatives.

In light of these impacts, it is AEMO's preference to avoid a delay and if it is required, make it as short as possible.

While there are a number of potential options for alternative 5MS commencement dates, AEMO has deliberately narrowed them to the options set out below. This is to give participants clarity in relation to the range of contingency arrangements. That is, if a no-go decision is required, participants will quickly know the alternative 5MS start date (particularly in the case of a short delay), and will be better placed to re-organise plans and resources with an understanding of the proposed contingency dates.



3.2.1 Scenario 1 - Short Delay

In the event a short delay is required, AEMO would recommend a two-month delay with a 1 December 2021 alternative commencement date. AEMO also recommends including Electricity B2B and WDR in this release date. Customer Switching would also be included in this bundle as it was always proposed to be released with 5MS.

The proposed sequencing and bundling approach in this scenario is as follows:

- 29 November 2021 – Gas B2B (unchanged from its existing commencement date).
- 1 December 2021 – 5MS, Global Settlement (soft start), Customer Switching, WDR and Electricity B2B.

A 1 December 2021 go-live is the latest feasible timing for 5MS in 2021, and if bundled with the other initiatives will allow the rest of the forward regulatory program to remain on track. Solutions to deliver customer switching, WDR and electricity B2B changes have been developed on the basis that 5MS is in place. A commencement date later than 1 December 2021 is not feasible due to the change freeze period prior to the holiday period.

AEMO appreciates that, when consulted as part of AEMO's regulatory implementation roadmap (version 5) consultation and 5MS program consultative forums, some participants did not support bundling this many initiatives with a release date so close to the holiday period. However, AEMO has prioritised the release of these initiatives on 1 December so that they are in place for summer; and can begin before the change freeze period. To address stakeholder concerns, AEMO proposes to scale up its resourcing to be able to support industry's post implementation activities. Staging the initiatives separately would likely require shifting some of them out to 2022, deferring the benefits and increasing costs.

At the regulatory implementation roadmap update forum on 9 July 2021, AEMO canvassed an alternative 5MS commencement date of 29 November 2021, with a view to bundling with Global Settlement (soft start), customer switching, WDR, electricity B2B changes and gas B2B changes. A key benefit of a 29 November 2021 commencement date would be the alignment of electricity and gas B2B changes, as some market participants advised there are synergies in delivering B2B changes together¹. However, other stakeholders strongly advocated for 5MS commencement at the beginning of the month to avoid settlement and billing complications from an intra-month start, participant 5MS testing environments are already set up for a 'first of the month' scenario, being 1 October. On the balance of risks, AEMO has prioritised start of the month commencement over alignment of electricity and gas B2B changes. Gas B2B will remain on 29 November as it cannot easily shift from this date and does not have crucial interdependencies with the other initiatives. However, Electricity B2B needs to be implemented with or after 5MS due to technical dependencies.

WDR design and implementation is also dependent on 5MS being in place. If 5MS is delayed to a 1 December start, WDR would commence on the same date to realise the benefits of WDR to NEM reliability over the summer period.

The option of a one-month delay has been considered, however this is not preferred. Feedback from stakeholders has emphasised the importance of providing as much certainty as possible. AEMO considers that a one-month delay would be an unlikely scenario. If an issue occurs that impacts the rule commencement date, sufficient time needs to be provided for issue remediation and appropriate testing. A one-month delay may not provide sufficient certainty that essential capability issues will be rectified.

Under a two-month delay scenario, AEMO is proposing that the Global Settlements "financial start" of 1 May 2022 is not changed. The purpose of the Global Settlements "soft start" is to provide a transition period where AEMO publishes the Unaccounted for Energy (UFE) amount without applying the financial liability to participants until the effective date of the rule i.e. 1 May 2022, thus allowing a period for UFE to be understood and the transition to global settlements to be managed. Feedback received from the 5MS program consultative forum suggests that a five-month transition period would be sufficient to achieve this objective.

¹ Note that the gas retail B2B changes affect participants in the National Electricity Market (NEM) and the Wholesale Electricity Market and that different regulatory processes apply for establishing a commencement date. Under the Western Australian *Energy Coordination Act 1994*, the commencement date is specified by the Economic Regulation Authority through a Government Gazette notice, whereas AEMO specifies commencement dates in the NEM.



Implications for other rule changes are set out in section 3.3 below.

3.2.2 Scenario 2 - Extended Delay

If the identified essential capability issues necessitate an extended delay, 5MS commencement would need to be deferred until 2022 and account for the change freeze period. An extended delay would be required where an identified issue is assessed as more complex and therefore requires more time to remedy. Note the change freeze period recognises that it is undesirable to implement major system changes during the holiday period, when participants typically operate with limited staff. This scenario involves more significant implications for other regulatory initiatives, and considers two alternative dates of 1 February 2022 and 1 April 2022. The benefits and implications of each are discussed below.

Option 1 – 1 February 2022

The key benefits of a 1 February 2022 option, by comparison to a 1 April 2022 start date are as follows:

- delivers 5MS earlier,
- will generally reduce industry carry costs, and
- lessens the flow-on impacts for other regulatory initiatives due to commence in 2022.

However, under this option, the following potential impacts arise:

- financial contracts for 5MS will commence part way through a quarter, potentially creating challenges for participants in aligning their hedge contracts with the physical market,
- commences during the summer season, which some participants have indicated may heighten market risk and may increase demands on operational resources.

A 1 February 2022 commencement date would result in the following proposed changes to the regulatory implementation program:

- Gas B2B change initiatives would go-live in November 2021 as scheduled,
- Customer switching, WDR, global settlements soft start, electricity B2B changes and 5MS would be bundled for 1 February 2022 go-live,
- Global Settlements financial start, MSATS Standing Data Review and Metering Coordinator Planned Interruptions would be delayed from 1 May to 1 July 2022 (providing a minimum of 5 months from Global Settlement soft start to financial start).

Other proposed regulatory initiatives expected to be implemented in 2022 may need to be re-scheduled to take account of these revised dates.

Option 2 – 1 April 2022

The key benefits of a 1 April 2022 option, by comparison to a 1 February 2022 start date, are as follows:

- Financial contracts for 5MS will align with a quarter start, i.e. financial risk instruments harmonise with physical market,
- Commences after 2021-22 summer season, reducing market and operational resourcing risk, which according to some market participants is heightened during the summer period.

However, under this option, the following potential impacts arise:

- Delivers 5MS reform later,
- Will generally increase industry carry costs, and
- Increases the flow-on impacts for other regulatory initiatives due to commence in 2022.

A 1 April 2022 commencement date would result in the following proposed changes to the regulatory implementation program:



- Gas B2B initiatives would go-live in November 2021 as scheduled,
- Customer switching, wholesale demand response mechanism, global settlements soft start, electricity B2B changes and 5MS would be bundled for 1 April 2022 go-live,
- Global Settlements financial start, MSATS Standing Data Review and Metering Coordinator Planned Interruptions would be delayed from 1 May to 1 September 2022 (providing a minimum of 5 months from Global Settlement soft start to financial start).

Other proposed regulatory initiatives expected to be implemented in the second half of 2022 may need to be re-scheduled to take account of these revised dates. This could include the standalone power systems, energy consumer data right and short-term projected assessment of system adequacy rule changes.

In the event an extended delay is required, AEMO recommends a 1 February 2022 commencement date to avoid any further delays to implementing other key regulatory reforms. Under any delay scenario AEMO would need to revise its detailed release plan and resourcing requirements.

3.3 Impact to Other Rules

AEMO has identified that any delay to the commencement of 5MS and GS rules impacts the commencement of schedules in the following rules that have already been made:

- Schedules 1 to 6 of the National Electricity Amendment (Five minute settlement) Rule 2017 No. 15;
- Schedules 1 to 4 of the National Electricity Amendment (Global settlement and market reconciliation) Rule 2018 No. 14;
- Schedule 2 of the National Electricity Amendment (Five minute settlement and Global Settlement implementation amendments) Rule 2019 No. 7;
- Schedule 2 of the National Electricity Amendment (Transmission loss factors) Rule 2020 No. 2;
- Schedule 2 of the National Electricity Amendment (Intervention compensation and settlement processes) Rule 2019 No. 5;
- Schedule 2 of the National Electricity Amendment (Application of the regional reference node test to the Reliability and Emergency Reserve Trader) Rule 2019 No.11;
- Schedule 2 of the National Electricity Amendment (Application of compensation in relation to AEMO interventions) Rule 2019 No. 13;
- Schedule 2 of the National Electricity Amendment (Participant compensation following market suspension) Rule 2018 No. 13;
- Schedule 2 of the National Electricity Amendment (Semi-scheduled generator dispatch obligations) Rule 2021 No.2; and
- Schedule 2 of the National Electricity Amendment (NEM Settlement under low, zero and negative regional demand conditions) Rule 2021 No.6.

A delay to the 5MS and GS rule commencement also has a knock-on consequence to the commencement of the schedules of the National Electricity Amendment (Wholesale demand response mechanism) Rule 2020 No. 9. AEMO proposes to align the commencement of wholesale demand response with 5MS market start should a delay to 5MS commencement occur. To facilitate this, the commencement date of schedules 1,3,4 and 5 would be amended to reflect the 5MS start notice.

AEMO is proposing to retain the date (1 December 2022) by which new and replacement type 4 and 4A meters are required to record and provide 5-minute interval, for all three delay scenarios. AEMO notes that this is the approach that was applied by the AEMC when the 5MS rule commencement date was changed from 1 July 2021 to 1 October 2021. AEMO notes it may be a relevant question for the AEMC to consider with relevant industry participants.



AEMO considers that the date by which it must produce the first UFE Trends report and publish the UFE reporting guidelines should be delayed by a period commensurate with any delay that is applied to the Global Settlements financial start. AEMO notes that this is appropriate as it will allow for a period of data collection prior to the first UFE Trend publication. In addition, AEMO notes that the Rules require a formal consultation process be applied to the development of the UFE reporting guidelines.

AEMO acknowledges that under the short delay scenario, there would be no deferral of the Global Settlements financial start and therefore no delay to the production of the first UFE Trends report and the development of the UFE guidelines. The consequence of this is that the amount of data available for the UFE Trends report will be reduced by 2 months. AEMO notes that it is expected that the UFE reporting will evolve over time as more data is collected.

AEMO is proposing that as a transitional matter, any changes that are required to already-determined procedures for the sole purpose of deferring the effective date of 5MS, Global Settlements, customer switching and WDR should not require consultation. For guidelines and/or procedures that are yet to be determined, AEMO would seek a delay in publication equivalent to that applied for the commencement of Global Settlements (financial start).

AEMO is also asking that the AEMC waive the Information Exchange Committee (IEC) consultation requirements under the Rules (clause 7.17.4(b)) to update the 'B2B change date' for the electricity B2B changes. AEMO requests that the rule instead provide for the IEC to notify AEMO of an updated B2B change date aligning with the deferred 5MS commencement date in the final rule.

Note changes to the effective date for MSATS standing data review can be pursued through other regulatory mechanisms if required.

4. PROPOSED RULE

4.1 Proposed rule change

The proposed rule change requests that the AEMC make a final determination on amending the commencement date for implementation of 5MS, informed by a 5MS start notice to be issued by AEMO by 1 September 2021, and stakeholder submissions.

References to the 5MS commencement date appear in a range of Rules.

AEMO's 5MS start notice will notify the market and market bodies if a 1 October 2021 start date is not feasible and recommend an alternative date for 5MS and Global Settlements (soft start).

If the AEMC makes a final determination to change the current 5MS commencement date, AEMO requests that the AEMC also consider changing the relevant commencement dates for other impacted rules (depending on the 5MS delay period), specifically Global Settlements (financial start as well as UFE reporting and UFE reporting guideline requirements), WDR and metering coordinator planned interruptions. In addition, as outlined in section 3.3, AEMO requests that the AEMC consider making a transitional rule to waive the requirement for the IEC to consult on the commencement date of the electricity B2B changes to allow for the dates to align with 5MS go live.

4.2 Urgent Rule Change Request

AEMO requests the AEMC to consider the proposed rule as an expedited "urgent rule".

AEMO considers this rule change request meets the requirements of an urgent rule under the National Electricity Law as, if not made as a matter of urgency, the inability to implement 5MS could result in imminent prejudice or threat to the effective operation and administration of the wholesale electricity market.

The consequences of failing to adequately manage 5MS contingency risks may be significant for the effective operation and administration of the wholesale electricity market as set out in detail in section 5.1.



4.3 How the proposal will address the issues

This proposed rule is to amend the 5MS commencement date if an identified contingency occurs that will delay 5MS implementation beyond 1 October 2021, thereby:

- Ensuring the continued effective operation of the wholesale electricity market and avoiding potential widespread market disruption, and
- Providing for ongoing compliance with the Rules.

5. IMPACT ASSESSMENT

5.1 How the Proposed Rule Contributes to the National Electricity Objective (NEO)

The NEO is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to -

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.

The proposed Rule allows for the effective management of 5MS contingency risks, that could otherwise adversely impact the operation and administration of the wholesale electricity market.

If the systems, processes and/or infrastructure to enable metering data to be received and processed in compliance with the 5MS rules is not established or proven, then the following may arise:

- Participant's (Market Customers and/or Generators) wholesale settlement positions may not be calculated in compliance with the Rules by AEMO. This could lead to errors in prudential management of participant financial positions and financial settlement of electricity transacted in the wholesale market not being compliant with the Rules.
- Participants may not be able to receive and process compliant metering data, leading to issues associated with billing their own customers or operations of other business functions.

5.2 Cost-benefit assessment

If the 5MS rule obligations commenced without readiness for rule commencement having been established, then significant disruption to the wholesale market is the likely outcome. Accordingly, the key benefit of a change to the 5MS commencement date is the avoidance of major wholesale market disruption. Whilst costs associated with a changed rule commencement date are acknowledged, these can reasonably be expected to be considerably lower than the costs of a major wholesale market disruption.

AEMO expects the potential benefits of the proposed rule are:

- Effective risk management of 5MS implementation, avoiding potential adverse impact on the operation of the wholesale electricity market, including compromising settlements, prudential arrangements and integrity of the market,
- Enhanced confidence of a smooth and effective 5MS market start, reducing post go-live issues management activities,
- Allows AEMO and industry to comply with the rules.

The potential costs of the proposed rule, if a new date is required, include:

- Incremental implementation cost increase for AEMO and industry participants (dependent on length of any delay and the revised start date),



- Deferral of the potential immediate economic benefits of 5MS and GS (dependent on length of any delay),
- Deferral of other regulatory reforms dependent on 5MS and GS.

6. STAKEHOLDER ENGAGEMENT

6.1 Regulatory Implementation Roadmap Update

AEMO has engaged with stakeholders on updating the regulatory implementation roadmap (version 5) to reflect the most up to date view of implementation dates for regulatory initiatives. On 9 July 2021, AEMO held a stakeholder forum where a draft version 5 of the roadmap and 5MS short delay contingency scenario was presented. AEMO invited feedback on a 29 November 2021 go-live and bundling of 5MS with other regulatory initiatives as discussed in section 3.2.1.

A limited number of ten submissions were received. Stakeholders expressed mixed views to the three consultation questions presented at the forum.

- Stakeholders' strong preference is to retain the current 5MS commencement date, as their respective programs to give effect to the market changes are on schedule and any delay would result in additional costs. However, if a change were required, five of the ten responses supported a November 5MS go-live².
- Some concerns were raised regarding the proposed alternative commencement date of 29 November, in terms of vendor support over the holiday period and managing defect remediation.
- With respect to bundling initiatives, four of the ten respondents supported or accepted the proposed bundling approach. A number of stakeholders expressed concern regarding bundling of 5MS, customer switching, WDR and B2B changes. Specifically, they considered bundling multiple initiatives would increase risks of implementation and managing post go-live activities. However, some respondents proposed other partial bundling options, where fewer initiatives are bundled with 5MS.
- There is support for aligning electricity and gas B2B changes to 29 November 2021, with six of the ten respondents in favour of this proposed change and one respondent supportive of alignment, but with a 2022 commencement date. As discussed in section 3.2.1, AEMO has prioritised the commencement of 5MS to align with a month start. This avoids settlement and billing complications from a mid-month start which would also need to be simulated through the 5MS market trial.

AEMO acknowledges stakeholders' varied views and recognises that this may be in part driven by the different approaches market participants have taken to affect the market changes and dependencies within their respective programs. AEMO includes stakeholder feedback by way of assisting the AEMC with their analysis under urgent timeframes. However, AEMO notes that the AEMC's rule change process will include a formal consultation round which will further inform their views.

6.2 5MS Program Consultative Forum

AEMO presented contingency options to the 5MS Program Consultative Forum in April 2021. Three options were discussed:

- Option 1: Postpone all elements of 5MS rule for AEMO and participants,
- Option 2: Postpone only the requirement on AEMO to settle in five-minutes,
- Option 3: Settle the market in 30-minute intervals until full five-minute functionality is available and then resettle the market in five-minutes through the settlement revision process.

² One stakeholder indicated a preference for a 10 November 2021 rather than a 29 November 2021 commencement date.



AEMO requested feedback on these options. 19 responses were received. Option 1 received the widest support from the responses. Option 2 had limited support and Option 3 gave rise to concerns for a number of participants.

Those that preferred Option 1 noted that its benefits included the simplistic approach; however, its shortcomings included an increase in transition period which may increase program costs.

Responses noted that Options 2 (partial deferral) could cause challenges given the interdependencies between 5MS, WDR and Customer Switching. Option 3 was considered unfavourable due to its complexity. Concerns were raised that options 2 and 3 may negatively impact the contracts market.

AEMO also received feedback on whether a change in date to the 5MS commencement should include a proportionate change in date to the Global Settlements rule commencement date. The feedback supported a shorter transition period in the range of four to five months, however this feedback was not unanimous. The impact to other regulatory initiatives was raised and some participants noted that if the delay was short e.g. two months, it may be beneficial to bundle initiatives with the gas and electricity B2B changes.

Based on the feedback, AEMO concluded that Option 1, a full rule deferral, was the most suitable contingency approach and that it would be generally acceptable to maintain the Global Settlements rule commencement date as long as there were at least five months of UFE reporting prior. This conclusion was presented to the 5MS Executive Forum and Program Consultative Forum in June 2021³.

For more information on the feedback received please see 5MS PCF – meeting 33 – pack as at 19 May 2021 published on the dedicated 5MS Program Consultative Forum webpage⁴.

³ See 5MS PCF – meeting 34 – pack as at 17 June 2021 on the dedicated [5MS Program Consultative Forum webpage](#) and 5MS EF – Special update session – pack on the dedicated [5MS Executive Forum webpage](#)

⁴ <https://www.aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/5ms-program-consultative-forum-pcf>