



Five minute settlement and global settlement implementation amendments

Stakeholder submissions invited on new rule change request

The Australian Energy Market Commission (AEMC) has published a consultation paper on a rule change proposal from the Australian Energy Market Operator (AEMO) that seeks to help implement five minute settlement and global settlement efficiently and effectively.

The rule change proposal seeks to amend nine areas of the National Electricity Rules (NER). The changes seek to improve wholesale market operations under five minute settlement, clarify global settlement arrangements and improve information provision requirements.

The rule change request

On 15 March 2019, the Commission received a rule change request from AEMO relating to the implementation of the Five minute settlement and Global settlement and market reconciliation (Global settlement) rules. The rule change seeks to amend six areas of the NER.

On 13 May 2019, the AEMC received an addendum to AEMO's rule change request. This identified three further areas of the NER for amendment. AEMO has requested that all nine proposed amendments be considered as part of the same (single) rule change request.

The nine proposed amendments are:

- resolution for calculating marginal loss factors – 30 minutes or shorter
- accommodating fast-start plant in pre-dispatch
- correction to list of AEMO procedures
- assigning non-market unmetered loads to a Transmission Node Identifier or Virtual Transmission Node
- removing retailer responsibility at transmission / distribution boundary points
- all customer loads to be market loads
- unaccounted for energy not to be allocated to distribution-connected generators
- amending the spot market operations timetable
- timing for AEMO to publish unaccounted for energy data.

Treatment as a non-controversial rule change request

AEMO considers that all the proposed amendments to the NER in this rule change proposal will not have a significant effect on the National Electricity Market (NEM) and are non-controversial. Therefore, AEMO has requested that its rule change request be expedited.

The Commission considers that all proposed amendments are non-controversial. The rule change involves administrative and technical changes that are mostly minor, and are unlikely to have a significant effect on the NEM. Rule change requests that are considered to be non-controversial may be processed under an expedited (faster) process under which there is only one round of consultation and the AEMC must publish its final determination within eight weeks of commencing the rule change process.

The Commission has decided to use an expedited process, provided that it does not receive any valid requests not to use the expedited process by 27 June 2019.

Key dates

Key dates for stakeholders in this process are as follows:

- Commencement of rule change process – 13 June 2019.
- Objections to an expedited process to be received by – 27 June 2019.
- Submissions to the proposal to be received by – 11 July 2019.
- Final determination to be published under expedited process – 8 August 2019.

The consultation paper and rule change request are available on the AEMC's website.

Background on Five minute settlement rule and Global settlement rule

On 28 November 2017, the Commission made a rule to align operational dispatch and financial settlement at five minutes. The five minute settlement rule will reduce the time interval for financial settlement in the NEM from 30 minutes to five minutes. The five minute settlement rule allowed for an implementation period of 3 years and 7 months, such that it would commence on 1 July 2021.

On 6 December 2018, the Commission made a rule to introduce a 'global settlement' framework for settlement of the demand side of the wholesale electricity market. The global settlement rule moves away from the current 'settlement by difference' approach. The global settlement rule will commence on 6 February 2022.

For information contact:

AEMC Director, **Julian Eggleston** (02) 8296 7820

AEMC Director, **Jackie Biro** (02) 8296 1606

AEMC Senior Adviser, **Andrew Pirie** (02) 8296 7867

Media: Communication Director, **Prudence Anderson** 0404 821 935 or (02) 8296 7817

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