

From: [Andrew Splatt](#)
To: [Andrew Pirie](#)
Subject: FW: 5MS Delay Consultation - Submission Ready.Energy
Date: Wednesday, 24 June 2020 10:05:00 PM

From: Tim Ryan <tim.ryan@ready.energy>
Sent: Monday, 15 June 2020 8:40 AM
To: Andrew Pirie <Andrew.Pirie@aemc.gov.au>
Subject: 5MS Delay Consultation - Submission Ready.Energy

Hi Andrew,

Please find attached [Ready.Energy](#)'s complete template - there is nothing therein that needs to be redacted.

In addition I wanted to make particular reference to the apparent contradictory actions of AGL and Origin Energy in view of their support for the delay of 5MS (and strenuous opposition to its implementation at all).

<https://www.afr.com/technology/agl-bets-its-future-on-the-cloud-with-microsoft-deal-20200605-p54zwwg>

<https://www.afr.com/companies/energy/origin-inks-507m-uk-alliance-to-revamp-retail-20200501-p54ovh>

<https://www.afr.com/chanticleer/origin-to-release-the-kraken-20200501-p54oxj>

<https://www.afr.com/companies/energy/how-origin-s-octopus-deal-stacks-up-20200501-p54p4w>

<https://www.afr.com/companies/energy/origin-s-new-uk-partner-octopus-has-amazonian-aim-20200509-p54rby>

<https://www.afr.com/companies/energy/game-thinking-to-help-origin-fend-off-disruption-20200528-p54xgp>

The above highlights that these companies not only have the capacity, they moving quickly to position themselves for 5MS and to use their market power to create an environment difficult for new - and more than likely better - competitors.

These big gentailers have (i) no money problems; (ii) no technical resource problems ... what they have is a MAJOR problem with COMPETITION !! Any delay in implementing 5 minute settlement is a major BONUS for the gentailers and a major impediment for nascent technology developers and providers whose entire business model/s depends on alignment of dispatch and settlement.

There is absolutely no need to delay 5 minute settlement - in fact it will be DESTRUCTIVE to industry development and competition.

It should be understood that new players have little or no interest in driving up energy prices; nearly all the business models a centred on providing a service to the consumer - and charging a fee only for that service - and making energy as cheap as possible (or

even being paid to provide it ... either through generation (active (battery) or passive RTS PV or demand response/management (negawatts) load reduction or shifting).

These models are inherently disruptive to the incumbents - whose models are focussed on being paid for generation, and making margin as a retailer! Is it any wonder they want 5MS delayed?

I note that the AEMC ruled that Wholesale Demand Response should NOT be delayed and will start October 2021 - it might be starting what I would think is the bleeding obvious but for WDR to work properly there needs to be alignment of dispatch and settlement.

While the AEMC has, at this time, not extend to WDR to consumers and/or small business as an open offer it will still be an option under the SANDBOX rules. Without doubt offering WDR, or better WDM (Management), to smaller customers requires dispatch/settlement alignment - without it the offering is far to complex!

Ignoring that - the offering of the simple (already permitted) product of "wholesale price passthru" is complicated and frustrated by the misalignment of dispatch and settlement. Every day that goes by without 5MS denies everyone in the market place access to much cheaper energy!

Lastly, as I made the point in our video conference, delay of 5MS is not as simple starting some new activity - it is delaying the post establishment benefit - to all consumers - at the point were new products and services are established - what I referred to as the "plateau phase" - logically about 5 years.

Based on AEMO's recent reports we (Australia) will require significant penetration of new tools and services to manage both variable supply AND variable demand by 2025 - DM/DR are the lowest cost routes to matching supply and demand.

It should be patently obvious that without alignment of dispatch of energy and/or "dispatch" (mitigation) of load and matched settlement there will not be new products/services in the market!

The mismatch of dispatch and settlement serves only the big generators and retailers (and esp. gentailers) who control the caps, swaps and other derivative energy products (largely off market and not accessible to small 'players') who benefit from using that activity to raise the retail energy prices (supposedly with the consumer benefit of "flattening" it ... just 30% higher than it should be!).

In short there is no reason to delay 5MS and an enormous number of reasons to proceed as planned! It has already been delayed long enough.

Thank you.

Cheers Tim

Tim Ryan
Founder and CEO [Ready.Energy](#)

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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: READY.ENERGY

CONTACT NAME: TIM RYAN

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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?

Strongly of the view that a delay is NOT required. Any delay whatsoever will have a major impact on cashflow as business models dependent on alignment of settlement with dispatch!

Forward Contracts should be based on 5MS from 1 July 2020 irrespective of implementation day of 5MS

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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?	As originally planned. AEMO should provide access to systems for testing as soon as available.
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?	<p>WRT to Ready Energy and Energy Curb Australia our meteorology is 1 second data. Our view, is that our Curb Hubs can sit behind <u>any</u> NMI approved meter (installed at any time) and they will provide revenue standard disaggregated data for as many circuits, or even specific loads, as required.</p> <p>The Curb Hubs provide 1 second to the cloud – they monitor the GRID connection for two way flows (in fact all monitored circuits are 2-way monitored) – and monitor both generation and (disaggregated) load behind the meter. We provide tools to compare data either by connection with local NMI meter, or later with manually collected NMI meter data.</p>
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)?	N/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?	N/A

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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?	ANY DETAIL WILL HAVE A DISASTEROUS IMPACT - Any delay just means a bigger deeper hole to climb out of! We have, and still, see no benefit in apply any development work to 30MS – the future is 5MS and the all the benefits that will finally flow from alignment of dispatch and settlement not just for our business opportunities but more importantly for all consumers!
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.	N/A
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?	Any testing periods provided by AEMO will logically reduce costs. Our understanding from the briefing video conference is that AEMO will be ready on the current time line and our view is that they should provide it as planned irrespective of any delay. Further – if there is a delay – AEMO should be able to allow participant to operate in an approved SANDBOX – so that participants (esp. new start-ups and/or “disrupter” participants) can start on 1 July 2021 irrespective of laggards in the NEM.
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?	NIL EFFECTS FOR READY ENERGY - WRT other participants – press reporting of the capacity of large Gentailers (esp. Origin & AGL) suggest that there capacities are “boundless” and that any delay in implementation of 5MS will serve only to ensure their ability to crush start-ups and smaller participants. We don’t believe that COVID-19 has had anywhere near the impact on participants that AEMO expected it might have had.

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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?	NONE – yet
b) Would a delay to commencement of SMS impact swap, captions or any other financial hedging products trading for FY2021-22 and beyond? If so, how?	I suspect so – I’m sure that the big “players” will find benefits for themselves to the disadvantage of smaller participants and the consumer . IMHO the trading of all swap, captions or any other financial hedging products, should be on the open market – vertically integrated “gentailers” should be obligated to transact all their “trades” on the open market to ensure full disclosure of market pricing – and provide the opportunity for smaller parties to participant on both sides of transactions (as partly envisaged under the Energy Guarantee Rules).

CHAPTER 4 – SECTION 4.4 – DELAYED BENEFITS

Question 5 – Delayed benefits	
<p>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.</p>	<p>All investments made by Ready.Energy and its partners and suppliers is predicated on implementation of 5MS ASAP.</p> <p>Imposing another 12 months without revenue, not only impacts on cashflow for that period but significantly delays the growth curve out over the next 5 plus years.</p> <p>The driver of investments is predicated on a much more informed market driven by the rise of both disputers offering new, and unheard of service primarily focused on lowering costs/bill of consumers – AND – contemporaneously – the system security issues faced by AEMO resulting in a focus on, for the “first” time, consumer (large and small) demand management (not just response but <u>management</u> afforded by tools to enable load shifting or increasing penetration of (B)ESS).</p>
<p>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.</p>	<p>This is probably the most important question and the answer is clear! A delay would materially impact the benefits to everyone – except perhaps gentailers – but most importantly to consumers who will have new participants that are focussed on reducing their costs/bills.</p> <p>The alignment of dispatch and settlement, along with GS, is a major disruption event – it is the foundation on which many, if not the majority, of future consumer centric energy system improvements will be built. The disruption is driven primarily by advances in technology enabling the consumer, or service enablers for the consumer, being able to participate in a true two sided market – supply AND demand.</p> <p>Any delay will IMHO push the realisation of National Electricity Market benefits outside the window stipulated by the ESB and AEMO of when we require significant balancing of supply and demand driven by the increasing penetration of VRE (i.e. before 2025). The delay will push out the “trigger” (inflection) date when new products and services gain a significant foothold in the market to be in a position to expand into having a meaningful effect on the NEM – both operationally and financially! New “disrupter” participants will not only drive down costs/bills for their customers (noting that is their raison d’être) but will also drive down costs for all other customers (of participants who are not so “invested” in customers having lower costs).</p>

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

Question 6 – Drafting and procedure implications of delay

<p>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?</p>	<p>The flow on effects – all negative – of a delay of 5MS on all the other dependant or affected Rules is nothing short of catastrophic!</p> <p>Further, there are without doubt other Rule Change requests that will arise once the implementation of 5MS is underway – there is a fundamental “turning of the tide” toward the consumer away from the historic “utility” model which used to be primarily focussed on providing a service (at best/lowest cost) before being sold to commercial entities which are drive by profit making at the expense of the consumer.</p> <p>There is a wave of technology improvements that will enable the consumer, either directly or with enabling service providers, to provide services to the benefit of the whole NEM – services hitherto provided only by supply side participants. Delay in 5MS won’t stop that but it will delay all the befits that will come from commencing it.</p>
<p>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?</p>	<p>There should be no delay.</p>
<p>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?</p>	<p>I disagree – AEMO should, if there is a delay, at a minimum consult on procedures to allow new participants to begin early operations (from 1 July 2021) under SANDBOX rules.</p>