



18 September 2024
Julia Cassuben
Project Leader
Australian Energy Market Commission

Genuity - Response to Shortening the settlement cycle, Draft rule determination, 8 August 2024 (ERC0384)

Genuity welcomes the opportunity to respond to the AEMC's 8 August 2024 Shortening the settlement cycle, Draft rule determination ERC0384 (Draft Determination). Our general and specific comments to the Draft Determination are set out below.

General Comments

Subject to specific comments outlined below, Genuity supports the AEMC's more preferable Draft Rule and concurs with the market benefits identified by the AEMC in its Draft Determination.

Further, Genuity supports the proposed 18-month implementation period as sufficient time for AEMO to both improve upon and update its current systems to accommodate the requirements of the Draft Determination.

Specific Comments

1. Implementation Costs

Genuity notes the Draft Determination's absence of high-level estimates of AEMO's implementation costs. Genuity thinks it good regulatory practice for any significant regulatory reform to be accompanied with an appropriately scoped cost benefit analysis early in the consultation process and before determinations are made, draft or final. This ensures participants have ample time to consider the impact of reform on their respective business models, as well as allowing an opportunity for a more balanced response in general to the efficacy or otherwise, of proceeding with the reform. In this respect Genuity is disappointed that good regulatory practice has not been followed with this consultation process.

2. AEMO's approach to implementing a shorter settlement cycle (SSC)

Genuity is concerned that identified benefits of a SSC will not be achieved in the absence of high quality data at final settlement and consequently, the minimisation of any future revisions to this data. Genuity is also concerned about the unintended consequences that estimation errors have on daily project cashflow management.

In preparation for SSC implementation, Genuity suggests the AEMC direct AEMO to identify and cost in its implementation workplan:

- Methods to reduce the existing meter data variance under the current settlement cycle. Genuity has noted a marked deterioration in the quality of estimated settlement data (via MMS) since the inception of IESS. We believe the root cause of this deterioration is linked to a methodology change that removed "scaling factors" applied pre-IESS. Genuity suggests that this meter data variance may be resolved by AEMO applying unit specific "scaling factors". This aims to resolve current material settlements estimation issues prior to the commencement of SCC.
- Where revisions exceed a certain tolerance level, AEMO publish a report specifying steps it will undertake to remediate the data quality issue. This aims to remove risk of systemic volatility in the revision process by triggering data quality resolution transparency.
- A revitalised revision's invoice format that improves participants' ability to easily track the source of revisions against the original settlement invoice. This aims to reduce participant workload in reconciling the expected increase in revised invoicing under the SCC.



genuity.com.au

Genuity would welcome the opportunity to discuss this submission if you would find that helpful. If you have any questions on the issues raised on this submission, please contact Robert Pane on 0439 969 357 or at rpane@genuity.com.au.

Yours sincerely
Sam Bristow
General Manager, Trading & Development - Genuity

P +61 7 3001 7177
genuity.com.au

Genuity Services Pty Ltd
Level 31, Central Plaza, 345 Queen St
Brisbane, QLD, 4000

ABN: 71 080 050 737