




**ZEN ENERGY'S RESPONSE TO THE
AEMC NATIONAL ELECTRICITY
AMENDMENT (SHORTENING THE
SETTLEMENT CYCLE) RULE 2024
DRAFT DECISION**

3 October 2024





Ms Anna Collyer
Chairperson
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted electronically

Dear Ms Collyer,

**Re: ERC0384 National Electricity Amendment (Shortening the Settlement Cycle) Rule 2024
Draft Decision**

Zen Energy (ZEN) welcomes the opportunity to make this submission to the Australian Energy Market Commission (the Commission's) Draft Decision on the GloBird Energy Rule Change National Electricity Amendment (Shortening the Settlement Cycle) Rule 2024. ZEN would also like to acknowledge the release of the Australian Energy Market Operator's proposed alternative model which has been incorporated into the formal consultation on the Draft Decision.

ZEN continues to support the rule change put forward by GloBird and welcomes the alternative proposal from AEMO which would implement a 9-business day settlement cycle along with the introduction of an additional revision (R0) at business day 20 to include intervention settlement and exception resolution data review. This proposal is an innovative solution meeting the original goals and intent of the rule change while improving the efficiency of not only energy retailers but the operations of the wider energy market.

Costs of implementing the AEMO proposal

ZEN has assessed the model proposed by AEMO and the majority of the costs associated with this approach will be primarily incurred by AEMO themselves with the changes mainly impacting their own settlement systems and processes. While AEMO acknowledged a shortened cycle and any inability to complete required processes may put "pressure on AEMO's retail and settlement systems"¹ as they are the party that have put forward this proposal the costs and risks associated appear to be already accounted for and factored in while being offset by the substantial benefits that will be seen by the wider industry.

For energy retailers, the costs of implementing the AEMO proposal will be minor and mostly administrative. Retailers already have systems established to allow for a settlement based on the dates published by AEMO and the review of data as required by the settlement process. Although retailers will need to adjust processes to accommodate for a shorter cycle

¹ Australian Energy Market Operator (AEMO) Request for settlements analysis – Shortening the settlement cycle, July 2024, p6

the impact of moving from the original Draft Decision proposal of 11 business days to the current 9 is negligible and should have minimal impact or cost.

The main change therefore will be the need to prepare for and accommodate the introduction of an additional revision which may produce further changes in the data. Importantly, however, the risk of widespread changes to settlement data with the introduction of RO is extremely low as data issues have been reducing in volume year on year, while the problem of data inaccuracy continues to be addressed proactively with the ongoing roll out of smart meters over the next 5 years.

Introduction of an RO data review by AEMO

While ZEN acknowledges there is the potential for some apprehension by participants about the proposed alternative model put forward by AEMO and the decision to introduce an RO meter data review, any concerns would be likely to be overblown.

In the current market, the data review process plays a crucial and pivotal role. However, as we are increasingly moving towards a market dominated by full penetration of smart meters the need for a data review will increasingly be reduced, meaning retailers should be confident of managing and transacting in a market with an additional revision (RO) at business day 20 to include intervention settlement and exception resolution data review.

Benefits of shortening the NEM settlement cycle

All market participants will benefit from a shortening of the settlement cycle through a reduction in prudential obligations, an improvement in the management of working capital and a move to a more efficient market which reflects the adoption and increasing penetration of new technology.

While all participants will benefit, ZEN accepts that these benefits will be most strongly felt by smaller and new entrant retailers. ZEN strongly endorses the view of the Commission that “freeing up working capital for market participants is expected to have a particularly significant impact for smaller retailers, which generally have less access to capital and a higher cost of finance.”²

The model put forward by AEMO will not only see a reduction in working capital costs for existing smaller retailers which will see reduced costs for consumers but will reduce barriers to entry for new market participants and inevitably increase competition, which as the Commission acknowledges “has plateaued in recent years after several decades of growth.”³

² Australian Energy Market Commission, Draft rule determination, National Electricity Amendment (Shortening the settlement cycle) Rule, August 2024, piii

³ Ibid, p17

Meeting the National Electricity Objective (NEO) and National Energy Retail Objective (NERO)

The AEMO proposal will not only meet the NEO with the “long term interests of consumers of electricity with respect to price, quality, safety, reliability and security of supply of electricity” due to a reduction in the operating costs for all retailers which will inevitably be seen in reduced costs for consumers but is a logical progression to improve energy market efficiency.


The original 20-day settlement was established to accommodate for a market based on basic meters and the quarterly provision of meter data. It was designed to support a market where the quality of data was low and its provision to the market was slow. The proposal from AEMO is a reflection that we have moved to a digitised market where data quality is increasingly high and the provision of data almost immediate (due to the increasing penetration of smart meters).

Implementation timeframe

ZEN supports the proposal for the Commission to have an 18-month implementation timeframe with the change to come in after April 2026.

ZEN Energy would like to thank the Commission for the opportunity to comment on the Draft Decision. Should you wish to discuss or have any further enquiries regarding this submission, please contact compliance@zenenergy.com.au

Yours sincerely



Glenn Garnaut
Chief Governance Officer
ZEN Energy Pty Ltd





'ZEN Energy's Journey' was commissioned to tell the ZEN story and the journey to reconciliation with Australia's indigenous people. The artist, Brooke Sutton, is a proud Kalkadoon woman from Queensland, Australia.



Scan QR Code or [click here](#) to watch a video of Brooke explaining the meaning behind the painting.

We acknowledge the Traditional Custodians of the land, waters and knowledge for the places where we gather collaborate and strengthen communities. In our work, we recognize the importance of Country – not just as a place, but how it maintains community, family, kin, lore and language. We pay our respects to Elders past, present and emerging.

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About us

ZEN stands for Zero Emissions Now, our call to action. We believe that by turning towards low cost, renewable energy, our communities will become more sustainable and prosper accordingly. Our purpose is to lead communities into a zero-carbon world.

ZEN is accelerating Australia's path to becoming a renewable energy Superpower and is Australia's first electricity retailer to have a near-term science-based emissions reduction target in line with limiting global warming by 1.5°C. In the 6 years since we obtained our electricity retail license, ZEN has brought together a community of sustainability-driven customers (governments, businesses, industries, and residents), renewable energy suppliers and capital partners.

Some of our key customers include the South Australian Government, CSIRO's sites in New South Wales, Victoria, and the Australian Capital Territory and the Southern Sydney Regional Organisation of Councils (SSROC) which comprises twenty-five local councils in New South Wales. In 2023, ZEN has delivered more than 1.3 TWh of renewable energy.

Having grown our portfolio of power purchase agreements including over 20 solar and wind farms, ZEN is now developing its own utility-scale projects which include the Templers Battery Project (111MW/2.6MWh) expected to commence construction in early 2024, and the Solar River Solar (200MW solar PV and 100MW/200MWh battery storage), which is in late stage development phase.



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