

## 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:** ASX Limited

**CONTACT NAME:** Bradley Campbell

**EMAIL:** Bradley.campbell@asx.com.au

**PHONE:** 0408096089

#### 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?	<p>ASX currently lists electricity futures and options, which are traded on the ASX24 market and cleared at the ASX Clear (Futures) clearing house. The products which are relevant to this question are the Base Load \$300 CAP Electricity Futures, which are listed for NSW, Victoria, SA and Queensland. These CAP Futures are quarterly contracts whose settlement price is determined by adding the price in excess of \$300 per Mw/H for each half hourly spot price during the quarter. Electricity market customers use these contracts to hedge their exposure to price spikes above \$300 / MwH in the AEM.</p> <p>When the transition from 30 minute settlement pricing to 5 minute settlement pricing takes place, these contracts will no longer be an appropriate hedging product, and they will need to be delisted and replaced with a new CAP contract whose settlement price will be linked to the 5 minute spot price. At present, the last CAP Futures listed at ASX are for the quarter</p>

**Stakeholder feedback**

Delayed implementation of five minute and global settlement  
14 May 2020

	<p>ending June 2021. Work has been underway to agree a specification and list a new Cap product based on the 5 minute settlement prices, although this work has been delayed both by the broader market volatility during recent months, and the uncertainty around the implementation date for 5 minute settlement pricing.</p> <p>If there is no delay to the date for 5 minute settlement pricing, ASX will continue the current work to list a new Cap product, for the September 2021 expiry onwards, as soon as possible. We are aware that the lack of contracts beyond the June 2021 expiry is already causing issues for a number of our customers who already wish to hedge longer-dated exposures. However, this work is currently on hold in light of the uncertainty on implementation dates, and will take some time to complete. Customers will therefore have a further delay before they can hedge the exposures from July 2021 onwards.</p> <p>If 5 minute settlement pricing is delayed by 12 months, ASX's current intention is to list four further sets of the existing Cap Futures contracts, out to the June 2022 expiry, and we will also continue the work to list a new 5 minute Cap product for September 2022 onwards as quickly as possible. The listing of additional expiries for our current contracts is a fairly quick process, so customers will shortly be able to hedge their exposures out to June 2022.</p> <p>ASX therefore strongly supports a 12 month delay to 5 minute settlement pricing, as it will give customers the ability to hedge their exposures between July 2021 and June 2022 much more quickly.</p> <p>ASX believes the rules should commence at the start of a quarter. If the rules start mid quarter then ASX would have difficulty in listing a Cap product for that quarter. This would limit customer's ability to manage their market exposure.</p>
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?	N/A
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	N/A

**Stakeholder feedback**

Delayed implementation of five minute and global settlement  
14 May 2020

December 2022? If not, why and what time period would be appropriate?	
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

**Stakeholder feedback**

Delayed implementation of five minute and global settlement  
14 May 2020

**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?

N/A

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?

N/A

**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?

**Stakeholder feedback**

Delayed implementation of five minute and global settlement  
14 May 2020

**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?	N/A
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?	<p>As mentioned previously the move to 5 minute settlement requires the delisting and relisting of ASX Cap products, a process which has been delayed by Covid-19 and uncertainty over the timing of the move to 5 minute settlement. Providing certainty in respect of a delay in the move to 5 minute settlement will enable ASX to continue the work to list a new 5 minute Cap product for September 2022 onwards as quickly as possible, as well as move forward with our current intention to list further sets of the existing Cap Futures contracts out to June 2022.</p> <p>ASX therefore strongly supports a 12 month delay to 5 minute settlement as it will give customers the ability to hedge their exposures between July 2021 and June 2022 much more quickly.</p>

**Stakeholder feedback**

Delayed implementation of five minute and global settlement  
14 May 2020

**CHAPTER 4 – SECTION 4.4 – DELAYED BENEFITS**

**Question 5 – Delayed benefits**

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.

N/A

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.

N/A

**Stakeholder feedback**

Delayed implementation of five minute and global settlement  
14 May 2020

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

**Question 6 – Drafting and procedure implications of delay**

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?	N/A
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?	N/A
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?	N/A