

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

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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?	<p>Hansen is in active programs of work to upgrade client systems to support the 5MS and Global Settlement changes. We have a strong representation across Australia, covering 12 key clients, impacting three of our billing and market gateway solutions, managing nearly 12 million metering points.</p> <p>Hansen’s position is that a 12-month delay would have a material impact to product delivery for our clients. We are preparing for the current delivery timelines, and as such we have the requisite resourcing and products in place to achieve the original dates. Any delays would require retention of resources to continue supporting the solution ahead of the delayed dates, and would also introduce challenges in performing parallel product upgrades which a significant codebase is awaiting go-live.</p>

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	<p>If a delay were to occur, Hansen's products can accommodate a mid-quarter commencement as the metering solutions are designed to dynamically handle meter data of varying intervals within a billing period.</p>
<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?</p>	<p>Through previous consultation with our clients, the general consensus is that significant regulatory changes in the market should avoid key periods of activity across the physical network. As such, it would be requested that go-live dates do not align with peak bushfire seasons as an example.</p>
<p>c) If there is a 12-month delay to the start date of SMS 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>	<p>Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.</p>
<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)?</p>	<p>Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.</p>
<p>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?</p>	<p>Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.</p>

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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?	<p>Hansen has had a remote work policy for many years, and it has now been fully utilised across the organisation. We are seeing improved productivity in many areas of the business, as staff now have reduced commute times, and have dedicated, uninterrupted time to dedicate to their areas of responsibility. This has been reflected in some of our clients productivity too, as they are seeing the same level of performance increase.</p> <p>At the same time, we acknowledge that the most significant impact is on our client’s customers (i.e. billed customers). We are not in a position to comment on revenue impact and payment defaults as a result of COVID-19, and will refer to other retailers’ submissions for this advice.</p>
b) For participants that are required to implement changes to IT systems and procedures for SMS 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.	<p>Most significantly from Hansen’s project perspectives, the retention of project staff for an extended period would contribute to additional IT systems costs if there were to be a delay. We expect that this would also occur in our clients’ organisations. Furthermore, we do not expect that the current capex funding allocation would support project timeline extensions, so there will be significant challenge in seeking additional funding through FY2021 and FY2022 to support these delays. This is further compounded by recent AER budget allocations which has further reduced capex expenditure at some of our clients’ organisations.</p>
c) To what extent can additional market testing periods run by AEMO minimise costs associated with the delayed commencement of SMS and GS? To what extent do participants rely on B2B data flows for SMS and GS testing?	<p>Hansen is supporting our clients’ test cycles, which include the current market testing periods. We expect that these current schedules are sufficient for all testing, and do not expect to gain any benefit from extended testing.</p>
Question 3 – Participant capacity	
d) To what extent has COVID-19 affected participants’ ability to implement the necessary changes for SMS and GS by 1 July 2021?	<p>As mentioned in 2(a), Hansen has seen increased productivity while the project teams are working remotely. As such, we are in a solid position to continue with the current delivery timelines and go-live dates.</p>

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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?	Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.
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?	Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.

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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 SMS 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.

Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.

b) To what extent would a 12-month delay to the start of SMS 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.

Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.

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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

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?	Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.
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?	Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.
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?	Hansen has no position on this requirement, and would refer to the relevant market participants for recommendations.