

Contingency arrangements for five minute settlement implementation

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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Stakeholder feedback

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5 August 2021

CHAPTER 4 – SECTION 4.1 – CONTINGENCY PLANNING AND READINESS CAPABILITY

Question 1 – Contingency planning and readiness capability

a) Are there any other issue(s), in addition to AEMO's market start notice, the Commission should consider for any potential delay to commencement of 5MS and GS soft start? If so, what issue(s) and why?	No.
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CHAPTER 4 – SECTION 4.2 – KEY TRADE-OFFS FOR AN 'EXTENDED DELAY'

Question 2 – Extended delay options

a) If an 'extended delay' to 5MS and GS is required, do you have a preference between commencing on 1 February 2022 or 1 April 2022? If so, which date and why?	If an extended delay were required, Neoen would prefer a start date of 1 February 2022. The benefits of delivering 5MS reform earlier outweigh the potential impacts raised in AEMO's Rule Change Request.
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Question 3 – Industry implementation costs

a) If an extended delay is needed, what is the estimated difference in costs to your organisation between 5MS and GS soft start commencing on 1 February 2022 or 1 April 2022?	Neoen believes that any additional delay would generate a value loss far greater than any additional cost. The implementation should start as soon as AEMO is ready.
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Question 4 – Financial contract market implications

a) If there is a delay to the commencement of 5MS, would you prefer the new commencement of 5MS to be mid-quarter or the start of quarter? How important is this relative to other issues considered?	The commencement of 5MS should be as soon as practicable for AEMO.
b) If an extended delay is needed, are there other contract market issues the Commission should consider when deciding between 1 February or 1 April? Please explain and provide evidence.	No. Neoen believes that the Commission should only consider limiting the duration of any delay.
c) What are the estimated legal costs associated with re-negotiating contracts?	

Question 5 – Summer implementation

a) Would the commencement of 5MS and GS soft-start on 1 February 2022 be considered high risk for implementation given the additional risks of summer operations for your business or the market as a whole? Please explain and provide evidence.	No. While Neoen's operational requirements are increased in summer, the change is not significant enough to warrant an additional delay of the implementation of the 5MS Rule Change. AEMO's consultation process and testing schedule has given Neoen sufficient opportunity to test most IT systems and implement procedures ahead of the Rule Change going live.
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Question 6 – Delayed benefits

a) If an extended delay is needed, to what extent would commencing 5MS and GS on 1 February or 1 April 2022 delay the realisation of benefits for individual participants or the industry as a whole? Please quantify and provide evidence.	The benefits of the 5MS Rule Change are realised primarily during 30-minute intervals of price volatility, which are concentrated in the summer months. The mean standard deviation of prices within each 30-minute interval (averaged across all regions, 2011-21) in February is triple that of April. A two-month delay to April may delay the realisation of industry benefits by several times this duration. Therefore, Neoen would like to emphasise the market impact of completing the 5MS Rule Change prior to April 2022.
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CHAPTER 4 – SECTION 4.3 – IMPLICATIONS FOR GLOBAL SETTLEMENTS, WHOLESALE DEMAND RESPONSE MECHANISM AND OTHER REFORMS

Question 7 – Implications for Global Settlements, Wholesale Demand Response Mechanism and other reforms

a) If there is a delay to the start date of 5MS and GS soft start, AEMO proposes a minimum period of 5 months between GS soft start and GS financial start. Are there any issues with this transitional period?	
b) If there is a delay to GS financial start, should there be an equivalent delay to the date when AEMO is required to publish the UFE trends report and UFE reporting guidelines? If not, why not?	
c) Are there any issues stakeholders can identify related to commencing the WDRM on the same date as 5MS and GS soft start? If so, what are these issues and how material are they? Further, what alternative date after 5MS implementation would be preferred, and why?	
d) Are there other impacts on other regulatory reforms that should be considered?	

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CHAPTER 4 – SECTION 4.4 – IMPLICATION OF FURTHER DELAY ON RULE DRAFTING, PROCEDURES AND DETERMINATIONS

Question 8 – Drafting implications for a potential further delay

a) Are there any interactions that stakeholders are aware of with other rules or initiatives that have not been identified in this paper?	
b) In its rule change request, AEMO proposes that any changes that are required to already-determined procedures for the sole purpose of deferring the effective date of 5MS, GS, customer switching and WDRM should not require consultation? Are there any reasons that this could be an issue?	