

2 September 2021

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted by email to aemc@aemc.gov.au

Project number: ERC0331

Contingency arrangements for five minute settlement implementation

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Draft rule determination from the Australian Energy Market Commission (the Commission) on Contingency arrangements for five minute settlement implementation.

Snowy Hydro welcomes the Australian Energy Market Operator (AEMO)'s advice to the Commission that five minute settlement (5MS) should commence on 1 October 2021 as scheduled. If at any stage there is a delay necessary then the Commission should consider a short delay to 1 December 2021 or an extended delay to 1 April 2022. We would not support a 1 February 2022 start date.

As noted by the Commission, a delay to the commencement of 5MS could impact all contracts from 1 October 2021. We do not want the 5MS implementation to further impact on the efficiency and liquidity of the contracts market. Snowy Hydro has been preparing for the Commission's rule to align operational dispatch and financial settlement in the NEM at five minute intervals, setting out new requirements necessary to enable the recording and provision of five minute data for settlement purposes and we are ready for an implementation date of 1 October 2021.

Should a delay be necessary an implementation date of 1 February 2022 should be avoided. During the summer, as the Commission notes the power system must manage extra risk as the market responds to increased consumer energy demand in the face of high temperatures and climatic events including bushfires and storms. Given the potential of summer market volatility at the beginning of February and the fact that it is close to the 1 April start date of Q2 contracts, we believe a delay to 1 April 2022 is more appropriate should a longer delay be required. This would also provide additional time in case other issues arise between now and early next year, and avoid the potential for another delay being sought as we head through January, the very position we are in now.

About Snowy Hydro

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500 megawatts (MW) of generating capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy.

Snowy Hydro appreciates the opportunity to respond to the Draft rule determination and any questions about this submission should be addressed to me by email to panos.priftakis@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Priftakis', with a stylized flourish at the end.

Panos Priftakis
Head of Wholesale Regulation
Snowy Hydro

