

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 SMS 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>Current support COVID-19 has resulted in unprecedented changes being made and required organisations (SA Power Networks included) to adapt and evolve at a rapid pace.</p> <p>Although early indications show that progress is still occurring, we do not believe that full impacts will be possible to determine or judge until all organisations (not just SA Power Networks) are in a position to confidently return to a normal state (noting that a new normal is likely to result from this crisis).</p> <p>Although our fight against COVID-19 is progressing well within Australia, we still have a long way to go before getting back to the normal state required (which includes being officially past the threat of a second wave) to ensure implementation commitments can be fully achieved.</p>

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	<p>Additionally, key IT vendor developer/support is based overseas (India) and this resource is required to make changes/enhancements to our system(s). The impact of COVID-19 and restrictions being imposed on overseas businesses are far greater than in Australia which creates a significant level of insecurity to our deliverable timeframes.</p> <p>Given this uncertainty, SA Power Networks believes that it would be prudent for a full 12-month delay to the start dates of SMS and Global Settlements (ie SMS moved to 1 July 2022 and Global Settlements moved to February 2023).</p> <p>If the AEMC's final decision results in not adopting a 12-month delay, it needs to be acknowledged that this process (rule change proposal) has impacted industry (outside of COVID-19) and affected the productivity of industry and individual businesses projects. The main industry focus over recent weeks has been to assess the impact of a 12-month delay and consequently affected productivity which will not return until the final decision is made.</p> <p>SA Power Networks therefore recommends that if a 12-month delay is not adopted, then some delay is required to cater for lost productivity resulting from the process to consider a delay. SA Power Networks proposes that the delay should be for the period from when the Market Bodies announced this proposed rule change (ie 6 April 2020) to the date of the Final Determination.</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?	SA Power Networks recommends a full 12-month delay with the new commencement dates aligned to a Monday to provide industry with a minimum of two days (ie the weekend) to implement any required systems changes resulting from the new market rules and procedures.
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?	SA Power Networks does not own any metering assets impacted by this rule change but would support a delay as recommended by relevant affected industry stakeholders.
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)?	No view.

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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?	No view.
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CHAPTER 4 – SECTION 4.2 – PARTICIPANT COSTS AND CAPACITY

Question 2 – Participant costs

<p>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>	<p>SA Power Networks is cognisant of the adverse impacts COVID-19 is having on customers and electricity retailers. We have implemented a tariff relief package in the short term which involves deferring some network tariff revenue and writing off other network revenue for COVID-19 customers/retailers unable to pay their electricity bills in the quarter ending June 2020. We are also aware the AER has now proposed an urgent rule change proposing, potentially, substantially larger deferment arrangements which extend for a further 6 months, with an option to extend a further 6 months beyond that.</p> <p>In addition to these initiatives our own business costs have increased through implementing social distancing protocols and for example restructuring depot staffing and changing other work practices for example to minimise planned outages, given the increased number of people now working from home. All these measures increase our costs and reduce productivity.</p> <p>Other cost increases are anticipated from additional superannuation costs (to fund defined benefits schemes), increased costs associated with less leave taken by staff during COVID-19 and increases in materials costs.</p>
<p>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.</p>	<p>The 12 month delay would not have any significant impact to our project costs.</p>
<p>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?</p>	

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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?	Refer to response within 1a)
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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?	No view.
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?	No view.

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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.

A 12 month delay would have no material impact.

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.

A 12 month delay would have no material impact.

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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?	SA Power Networks has no feedback.
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?	SA Power Networks expect that relevant procedures should be reviewed and modified to ensure effective dates align to any delay.
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?	SA Power Networks have not completed any analysis and recommend that AEMO provide industry with the opportunity to raise any concerns as part of any procedure update process.