

11 June 2020

Mr John Pierce
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Pierce

Re: Delayed Implementation of Five Minute and Global Settlement - ERC0298.

TasNetworks welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation paper on the Delayed Implementation of Five Minute Settlement (5MS) and Global Settlement (GS).

TasNetworks is the Transmission Network Service Provider, Distribution Network Service Provider and Jurisdictional Planner in Tasmania. TasNetworks is also the proponent for Marinus Link, a new interconnector between Tasmania and Victoria. The focus in all of these roles is to deliver safe, secure and reliable electricity network services to Tasmanian and National Electricity Market (NEM) customers at the lowest sustainable prices. TasNetworks is therefore appreciative of the AEMC's efforts to review the timeliness of 5MS and GS implementation in light of the potential impact COVID-19 could have on the energy industry.

TasNetworks has reviewed the proposed Rule change and is supportive of the change in its current form while it continues to cater for all NEM participants whether they are able to fulfil the 5MS and GS commitments or not.

TasNetworks' execution of its 5MS and GS implementation program has not been affected by COVID-19 restrictions with the program progressing according to the original schedule. The consequence for TasNetworks of a delay in AEMO implementing its internal IT changes would be that additional and unnecessary expenditure would be added to this program.

Should you have any questions, please contact Tim Astley, Team Leader NEM Strategy and Compliance, via email (tim.astley@tasnetworks.com.au) or by phone on 0428032751.

Yours sincerely,



Don Woodrow
Acting Leader, Regulation

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: TasNetworks

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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?	TasNetworks has a neutral position with regard to the proposed rule change delay, on the assumption that it can still transition as per the current schedule. TasNetworks will still be required to move the market systems modifications into its production environment according to the current schedule due to vendor agreements already having been executed. Should a delay be necessary, 12 months seems appropriate. Three months would not appear to allow enough time to implement change, and six months places the commencement during the Christmas/New Year period.

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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?	The date should move in line with the delay to preserve the same lead in period to Global Settlement.
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 December 2022? If not, why and what time period would be appropriate?	This question does not impact TasNetworks.
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 comment.
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?	The AEMC should determine an appropriate timeframe in line with the delay.

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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?	Any impacts of COVID-19 on TasNetworks' cash flows will have no impact on TasNetworks' ability to deliver the 5MS and GS rule change requirements.
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.	TasNetworks will still be required to move the market systems modifications into its production environment due to vendor agreements already having been executed, therefore there is no or minimal implementation cost impact should there be a delay to the rule change, on the assumption that TasNetworks can still transition as per the current schedule.
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?	Additional market testing periods will not minimise costs for TasNetworks. TasNetworks is not explicitly reliant on market testing however participants will need environments ready and support from AEMO during testing cycles. TasNetworks has minimal reliance on B2B flows for 5MS and GS testing.
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?	There has been minimal impact to TasNetworks' DNSP 5MS and GS Program to date. Funding, securing of project resources, and execution of vendor agreements were all completed prior to the COVID-19 restrictions. Border restrictions may impact on the TNSP's ability to engage service providers external to Tasmania to facilitate the required metering exchanges, but this does not currently appear to be necessary.

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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?	Not applicable to TasNetworks.
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?	Not applicable to TasNetworks.

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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 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.

Not applicable to TasNetworks.

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.

Not applicable to TasNetworks.

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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?	TasNetworks has no feedback on Appendix 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?	Any references to the commencement date within the procedures should be amended to cater for the respective delays, however they should still continue to allow for transition activities to be undertaken where appropriate, in line with the original schedule.
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?	TasNetworks has no issue with this.