

Mr Chris Spangaro
Senior Director
AEMC
PO Box A2449
Sydney South NSW 1235

Lodged Online

20 June 2016

Dear Mr Spangaro,

Marjorie Black House
47 King William Road
Unley SA 5061

P. 08 8305 4222
F. 08 8272 9500
E. sacoss@sacoss.org.au
www.sacoss.org.au

ABN 93 197 662 296

RE: FIVE MINUTE SETTLEMENT

SACOSS is the peak body for the community services sector in South Australia, with a long-standing interest in the efficient delivery of essential services. We thank the AEMC for the opportunity to comment on the Five Minute Settlement rule change proposal. SACOSS's comments below are predominately high-level statements, as the specific questions noted in the consultation paper are largely directed to participants.

SACOSS tentatively supports the general intent of the Rule change, acknowledging that the perceived benefits, if achieved, would be a positive market development. However, SACOSS is concerned in a number of areas:

- The general desire of the rule change (to dis-incentivise rebidding late in a trading interval for financial benefit), may already have been dealt with in the upcoming rebidding rule changes that take effect on 1 July 2016;
- The application of the five-minute settlement process will create substantial additional costs to the market (additional metering and systems changeovers for participants to name a few) which will be passed through to consumers, but yet there appears more uncertainty as to the likely benefits: SACOSS would like to see clear cost-benefit analysis be conducted by the AEMC on this issue before the final determination;
- Although potentially removing an incentive for rebidding late in a trading interval, it may also remove the benefits that comes from additional generation responding early-mid trading interval (because there will be no benefit for the subsequent generation response), thereby potentially resulting in additional high price events¹;

We thank you in advance for consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on (08) 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,



Ross Womersley
Executive Director

¹ Since 1-Jan-2015, in SA alone, dispatch interval RRP's above \$1000/MWh have been experienced evenly across the DI's