



Mr Ben Noone
Australian Energy Market Commission
201 Elizabeth Street
Sydney NSW 2000

25 May 2017

Dear Mr Noone

Further information on the five minute settlement rule change proposal

Further to our submission to the Australian Energy Market Commission's (AEMC) Five Minute Settlement directions paper on 18 May 2017, CitiPower and Powercor offer the following additional cost information on implementing the proposal.

In our previous submission we provided a preliminary cost estimate for additional access points and relays in the order of \$8 million; we did not seek to estimate the cost to IT systems.

We have spoken to our IT vendors to understand their experience changing systems to accommodate five minute settlement data. Each vendor of an affected system confirmed they have never made such changes before. We have therefore made a preliminary and high level assessment based on our experience with our vendors on past projects (we have not yet sought cost estimates from the vendors themselves). From this assessment, we expect the following system implementation activities would be needed:

- AMI network management system – upgrade to allow better bandwidth prioritisation, additional generic meter reader servers, vendor proof of concept testing, and development and tuning;
- meter data management system – upgrade to 64-bit operating system, additional virtual machines to perform nightly data validation and substitution, and vendor performance tuning; and
- market transaction systems – re-engineer the export module and additional export machines.

Our preliminary assessment indicates these costs could be in the order of \$12 million. We note, the assessment did not evaluate whether it would be more efficient to develop new systems rather than modify existing ones.

We have estimated data storage costs based on a 6 times increase to our current cost. This includes increasing storage in abovementioned systems and virtual machine disk storage for the AMI network management system. We estimate these costs to be in the order of \$11 million over five years.

Including the \$8 million for access points and relays, we expect the costs to implement the five minute settlement proposal could be around \$31 million excluding AMI firmware upgrades and modifications that may be needed to the network planning system.

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We would be pleased to discuss any aspect of this letter with the AEMC. Please contact Frans Jungerth on 03 9683 2022 or fjungerth@powercor.com.au.

Yours Sincerely

A handwritten signature in blue ink that reads "Brent Cleeve". The signature is written in a cursive style with a large initial 'B'.

Brent Cleeve
Head of Regulation