

AEMC Five Minute Settlement Rule Change

Future Business Council Submission

Dear Australian Energy Market Commission,

Thank you for the opportunity to make a submission to the Five Minute Settlement Rule Change consultation.

The Future Business Council (FBC) is the peak industry group representing the next generation of business in Australia. Our members include energy generators, retailers, significant industrial users as well as a broad sweep of the business community.

The FBC supports the rule change request submitted by Sun Metals Corporation to reduce the time interval for financial settlement in the wholesale electricity market from 30 minutes to 5 minutes.

The proposed rule change is will deliver benefits to the majority of the Australian business community through reduced average wholesale energy costs, more responsive market participation from both energy users and suppliers, and will remove barriers to greater competition and innovation in the wholesale energy markets.

The current 30 minute settlement rule is harming the competitiveness of Australia's economy, in particular our industrial and intensive manufacturing sectors, through its contribution to extended periods of high wholesale energy prices beyond, due in large part to a lack of competition in the wholesale market as well as evidence of gaming of the rules to the benefit of major energy generators.

With the rapid transformation of the energy sector underway the proposed rule change will help ensure the energy market remains fit for purpose and can accommodate the changes currently underway, including the surge in renewable energy generation, the accelerating transition from a centralised to a distributed grid and the emerging boom in energy storage solutions.

The overall impact of the proposed change will be unambiguously good for the Australian economy as it will help reduce wholesale energy costs through increased competition and technological innovation as well as improve Australia's ability to transition to a zero carbon economic future.

In summary we support on the change to 5 minute settlement on the basis that it will:

- Provide a real-time price signals that match market requirements;
- Reduce wholesale energy prices for consumers;
- Incentivise investment in instantaneous and flexible energy supply solutions;
- Increase competition in the wholesale market;
- Encourage the uptake of new and better technology solutions;
- Support ability of Australia to meet its international carbon reduction targets;
- Reduce the emissions intensity of Australia's economy.

We would further recommend to the Commission that the proposed rule change transition period be reduced from 3 years to 2 years to send a strong market signal that will encourage higher rates of investment in grid connected energy storage technology and advancement demand management capabilities. This will also help ensure that lower wholesale prices are achieved in a shorter timeframe

to the benefit of the whole economy.

Thank you for the opportunity to make this submission and contribute the views of our members to the Commission on the benefits of a shift to Five Minute Settlement.

Kind regards,

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