

25 October 2018

Dr Kris Funston
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Dear Dr Funston,

Draft rule determination on global settlement and market reconciliation

The global settlement and market reconciliation draft rule proposes to establish a more equitable approach between Local Retailers (LR) and independent retailers and remove any deterrents to substantial smart metering deployments.

AusNet Services appreciates the opportunity to make this submission on the draft rule and welcome the adoption of a global settlement framework for the wholesale National Electricity Market (NEM). We agree that there are potential net benefits from the proposed change and may be significant cost savings for AEMO in aligning this change with the 1 July 2021 introduction of the 5 minute settlements rule.

However, the proposed global settlement and market reconciliation rule imposes obligations on DNSPs to incorporate unmetered loads into MSATS unnecessarily early to prepare for a 1 July 2021 implementation. Draft rule clauses 11.[X].4(b) and (c) require DNSPs to assign connection points for unmetered load and provide estimated volumes of any unmetered load by 1 March 2020.

The requirement to provide unmetered load estimated volumes and assign unmetered load site connection points within MSATS, means DNSPs are required to deliver a separate system delivery (or system alteration) on 1 March 2020. This is, at least, 16 months prior to major system changes required to comply with the combined 5 minute and global settlement implementation on 1 July 2021. System changes required to manage unmetered loads in MSATS developed for this earlier release on 1 March 2020 would require 30 minute interval metering data and not the delivery of 5 minute metering data. Whilst on 1 July 2021, the delivery of 5 minute metering data would be required. Clearly, further rework of IT systems would be required in the months prior to 1 July 2021. It is clearly inefficient to alter a newly delivered (or altered) IT system so soon. The higher IT costs driven by the proposed commencement date of 1 March 2020 would ultimately be paid by customers.

AusNet Services recommends mitigating this cost by altering rule requirements for the provision of unmetered load connection points in MSATS, and to a requirement for the provision to AEMO of forecast data of unmetered load connection points, estimated volumes and TNI allocations, to commence by the later date of 1 July 2021, rather than 1 March 2020. However, this information could be provided to AEMO in the form of a spreadsheet to facilitate AEMO's modelling of unaccounted for energy in advance of 1 July 2021. The estimates provided could be incorporated by AEMO into a "sand box" MSATS environment well in advance of the implementation date and provide an opportunity for retailers and generators simulate global settlement arrangements prior to go live.

We have contributed to and fully support the submission of Energy Networks Australia.

If you have any queries on our submission, please do not hesitate to contact Justin Betlehem on 03 9695 6288.

Yours sincerely,

A handwritten signature in black ink that reads "C. Eddy". The signature is written in a cursive style with a long horizontal stroke underneath the name.

Charlotte Eddy
Manager Regulatory Frameworks