



INFORMATION

AUSTRALIAN ENERGY MARKET COMMISSION LEVEL 6, 201 ELIZABETH STREET SYDNEY NSW 2000
T: 02 8296 7800 E: AEMC@AEMC.GOV.AU W: WWW.AEMC.GOV.AU

Five minute settlement and global settlement implementation amendments

Final determination and rule published

The Australian Energy Market Commission (AEMC) has made a final rule to help implementation of five minute settlement and global settlement.

The final rule amends nine areas of the National Electricity Rules (NER). The changes improve wholesale market operations under five minute settlement, clarify global settlement arrangements and improve information provision requirements.

The final rule

The final rule is generally consistent with the rule change request submitted by the Australian Energy Market Operator (AEMO), but varies in some minor aspects.

In relation to the operation of the wholesale market under five minute settlement, the rule:

- provides AEMO with the flexibility to calculate Marginal Loss Factors using either 30 minute or shorter resolution data
- allows AEMO to accommodate fast-start inflexibility profiles in pre-dispatch
- removes the requirement for the Reliability Standard and Settings Guidelines to be amended as part of the transitional arrangements for five minute settlement.

Regarding global settlement, the rule:

- clarifies that non-contestable unmetered loads are to be assigned to the Transmission Node Identifier (TNI) or Virtual Transmission Node (VTN) that is most appropriate, as opposed to the same (single) TNI/VTN
- clarifies that no retailer has financial responsibility at a transmission / distribution boundary point
- clarifies that all customer loads are market loads
- clarifies that Unaccounted for energy (UFE) will not be allocated to distribution-connected generators.

Regarding information provision, the rule:

- removes the requirement on AEMO to run a Rules Consultation process when amending the Spot market operations timetable for minor or administrative changes
- amends the period during which metering data providers must send AEMO data, for publishing information for market customers on their potential UFE financial liability before global settlement commences.

Commencement of the rule

The final rule commences on:

- 12 August 2019 for amendments to the spot market operations timetable and amendments to transitional arrangements in the NER relating to the *Five minute settlement* and *Global settlement and market reconciliation* rules.
- 1 July 2021 for amendments to the NER that relate to commencement of the *Five minute settlement* rule.
- 6 February 2022 for amendments to the NER that relate to the commencement of the *Global settlement and market reconciliation* rule.

The rule change request

On 15 March 2019, the Commission received a rule change request from AEMO relating to the implementation of the Five minute settlement and Global settlement and market reconciliation (Global settlement) rules. The rule change sought to amend six areas of the NER.

On 13 May 2019, the AEMC received an addendum to AEMO's rule change request. This identified three further areas of the NER for amendment. The AEMC assessed all nine proposed amendments to the NER as part of the same (single) rule change request.

Expedited rule change process

The rule change request was considered non-controversial and the AEMC followed an expedited rule making process. No objections to the expedited process were received.

The AEMC received six stakeholder submissions to the rule change request.

Background - the Five minute settlement rule and the Global settlement rule

On 28 November 2017, the Commission made a rule to align operational dispatch and financial settlement at five minutes. The five minute settlement rule will reduce the time interval for financial settlement in the NEM from 30 minutes to five minutes. The five minute settlement rule allowed for an implementation period of 3 years and 7 months, such that it would commence on 1 July 2021.

On 6 December 2018, the Commission made a rule to introduce a 'global settlement' framework for settlement of the demand side of the wholesale electricity market. The global settlement rule moves away from the current 'settlement by difference' approach. The global settlement rule will commence on 6 February 2022.

For information contact:

Jackie Biro, **Director** (02) 8296 1606

Andrew Pirie, **Senior Adviser** (02) 8296 7867

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

8 August 2019