



11 June 2020

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Dear Mr Pirie

Thank you for the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) rule change process on the delayed implementation of five minute and global settlement.

The COVID-19 pandemic is changing the world we live in. It is having a profound impact on all of the households, businesses, schools, hospitals and other customers that use the shared electricity distribution network every day. It is still too early to determine the full impact of COVID-19, but we welcome the AEMC's consideration of timeframes for the implementation of five minute and global settlement, and the broader regulatory program.

Ausgrid supplies power to almost 1.8 million customers every day, ranging in size from residential and small business customers to large commercial and industrial customers. As a result, we have hundreds of thousands of type 1-4 meters connected to our network and our systems therefore need to be modified to be capable of accepting five-minute interval data.

The implementation costs associated with five minute and global settlement are substantial. As well as significant development costs, industry testing with retailers and the Australian Energy Market Operator (AEMO) in the lead up to commencement will consume significant resources.

In response to the COVID-19 pandemic, distributors across the National Electricity Market (NEM) have been working together with electricity retailers to introduce arrangements that will support both our customers and retailers through this difficult time. The NSW distributors established a NSW relief package that provides retailers with the ability to defer or rebate network tariffs for eligible COVID-19 impacted customers.<sup>1</sup> NSW retailers were formally invited to 'opt in' to Ausgrid's relief package on 5 May 2020. Since then, approximately 85 percent of our retailers have signed up to the NSW relief package.

Retailer take-up of the NSW relief package indicates that while COVID-19 may not be having a material impact on all retailers, some market participants are likely to be experiencing financial

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<sup>1</sup> <https://www.ausgrid.com.au/About-Us/Who-we-are/Policies-and-reports/Hardship/ENA-Relief-Package>

resourcing constraints. These constraints are expected to be particularly acute for smaller market participants, who may not have ready access to capital and cash flows like some of the larger market participants.

For these reasons, Ausgrid supports a delay to the implementation of five minute and global settlement.

While we have not provided detailed answers to all of the AEMC's consultation questions, there is one issue about which we would like to provide further comment.

The AEMC is seeking views on whether a 12-month delay is appropriate, or whether an alternative time period is preferable. In our view, while a 12-month delay is likely to achieve the proposed rule's objective of supporting the financial resilience of the energy industry, a lengthier delay (for example, commencing five-minute settlement on 1 December 2022 rather than 1 July 2022) could be a more preferable option. This is because a 12-month delay may not provide some market participants with a suitably long enough 'recovery time' before they need to start ramping up project delivery again.

For any questions regarding our submission, please contact John Skinner, Regulatory Policy Manager, at [john.skinner@ausgrid.com.au](mailto:john.skinner@ausgrid.com.au) or (02) 9269 4357.

Regards,



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