



Discussion paper on Settlement under low operational demand

The Australian Energy Market Commission has released a discussion paper on the *Settlement under low operational demand* rule change to further consult on new information provided by the Australian Energy Market Operator (AEMO).

Infigen's rule change request

On 17 June 2021, the Australian Energy Market Commission (AEMC or Commission) made a draft decision to make no rule for Infigen Energy's *Settlement under low operational demand* rule change. It did this because it considered the issues Infigen raised were dealt with through the final determination on the *NEM settlement in low, zero and negative demand conditions* rule change. In the Commission's view, any additional rule would likely not contribute to the achievement of the national electricity objective.

New information from AEMO

On 29 July 2021, AEMO provided a submission to the draft determination in which it considered that Infigen's proposed flooring mechanism should be implemented within their settlement systems. AEMO has confirmed it is able to implement this change earlier than originally anticipated. From this, and given the increased risk of high non-energy cost events, AEMO considers the change is necessary to clarify that participants should not receive payments for non-energy costs.

The AEMC has released a discussion paper to seek stakeholder feedback on this new information. To assist stakeholders, the Commission will extend the period for making the final determination to 7 October 2021. This will allow the AEMC to consider these issues with stakeholders and make a more informed final rule determination.

Stakeholder feedback required

The Commission is seeking feedback on the proposed implementation of the flooring mechanism, noting that the issues raised during the draft determination consultation period will be also addressed by the Commission during the final determination. The issues identified within the discussion paper are:

- Do stakeholders agree with AEMO that the flooring mechanism should be implemented? And if so, should the formula be prescribed within the rules?
- What are the costs and time requirements involved with this implementation?
- Are there any additional issues not yet considered by the Commission?

The discussion paper is available on the AEMC website, stakeholders are invited to make a submission by **26 August 2021**.

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