



Contingency arrangements for five minute settlement implementation

Five minute settlement will commence on 1 October 2021, as scheduled.

The Australian Energy Market Commission (Commission) has made a final determination on the contingency arrangements for five minute settlement (5MS) implementation rule change request submitted by the Australian Energy Market Operator (AEMO). The Commission determined to make no rule. Accordingly, the 5MS and Global Settlement and market reconciliation (GS) rules will commence on 1 October 2021, as scheduled.

AEMO's rule change request

On 30 July 2021, AEMO submitted a rule change request proposing an urgent rule to provide contingency options for a potential delay to the implementation of 5MS and GS. AEMO sought to delay the implementation of these rules if an issue occurred that it could not manage to allow the successful commencement of 5MS on 1 October 2021.

AEMO intended to provide a '5MS start notice' by 1 September 2021 stating if an issue has occurred, and if an issue has occurred, the time required to remedy the issue and a recommended alternative start date.

Contingency arrangements and essential readiness capability

AEMO's '5MS start notice', provided as a submission on 1 September 2021, recommended no delay was needed and 5MS rule should commence on 1 October 2021, as scheduled. In its submission, AEMO noted its readiness assessment noted risks to successful operation of 5MS and identified mitigation strategies and contingency plans for these risks.

In submissions, stakeholders considered no delay should occur if AEMO's readiness assessment indicated that a delay was not needed. While not proposing a delay, some stakeholders raised concerns that risks remained for the successful commencement of 5MS on 1 October, particularly for market participants. The Commission notes AEMO has identified risk mitigation strategies and contingency arrangements to address these concerns and encourages industry to continue to engage in these processes.

The Commission's final rule determination

The Commission has determined to make no rule. Having regard to the issues raised in submissions, including AEMO's '5MS start notice', the Commission is satisfied that no delay to 5MS and GS soft start will contribute to the achievement of the NEO for the following reasons:

- AEMO's '5MS start notice' indicated no issues had occurred and essential readiness capability will be met for the successful commencement of 5MS on 1 October 2021
- no delay to commencement ensures the benefits of 5MS and GS can be realised as early as possible
- no delay will allow industry implementation programs to continue as scheduled, thereby minimising additional implementation costs
- there will be no disruption to the contracts market as a result of a delay, or increased risk for summer operations
- no delay will have the lowest impact on other regulatory reforms and ensures the current regulatory reform implementation schedule can proceed unchanged.

The decision to make no rule also means there will be no consequential impact on the

commencement of other rules identified in the consultation paper that would be impacted by a delay to 5MS and GS.

Key commencement dates relating to this Determination

As a result of the decision to make no rule, the implementation schedules for the following reforms remain unchanged. They are as follows:

1 October 2021 — Five minute settlement and global settlements soft start

24 October 2021 — Wholesale demand response mechanism

1 May 2022 — Global settlements financial start

For information contact:

Sam Markham, **Adviser** Sam.Markham@aemc.gov.au

Ben Davis, **Director** Ben.Davis@aemc.gov.au

Media: Media and Content Manager, Kellie Bisset 0438 490 041

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