

Wholesale Electricity Market Rule Change Proposal Submission

RC_2019_04

Administrative Improvements to Settlement

Submitted by

Name:	Dean Sharafi
Phone:	08 9469 9800
Email:	dean.sharafi@aemo.com.au
Organisation:	Australian Energy Market Operator
Address:	GPO Box 2008, Melbourne VIC 3001
Date submitted:	21 April 2020

Submissions on Rule Change Proposals can be sent by:

Email to: support@rcpwa.com.au

Post to: Rule Change Panel
Attn: Executive Officer
C/o Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

1. Please provide your views on the proposal, including any objections or suggested revisions.

The Australian Energy Market Operator (**AEMO**) welcomes the opportunity to provide a submission to the Rule Change Panel on the Draft Rule Change Report for Rule Change RC_2019_04 Administrative Improvements to Settlement.

AEMO notes the Rule Change Panel (**the Panel**) has proposed several changes to the Rule Change Proposal submitted by AEMO. AEMO does not have any material concerns with most of these changes.

However, AEMO is concerned that the Panel has rejected the proposed amendments to the Meter Data Submission process (clauses 8.4.3, 8.4.4, 8.4.5 and 8.6.2). AEMO proposed these changes to address problems with the Meter Data Submission notification and acknowledgement obligations on both AEMO and Western Power under the current Market Rules.

The Panel's Draft Report states:

The Rule Change Panel notes that AEMO's current processing of Meter Data Submissions does not appear to follow the processes prescribed by the

Market Rules or Market Procedures. The Rule Change Panel is of the view that any proposal to amend the Meter Data Submission process in the Market Rules should address all known issues with the process and that it would be inappropriate to just remove notification and acknowledgement obligations on AEMO and Western Power at this stage. The Rule Change Panel considers that the differences between current practice for Meter Data Submissions and the process that is prescribed in the Market Rules should be reviewed in a holistic manner, but this is out of scope of this Rule Change Proposal.

AEMO considered that it would be efficient to address the discrete issue concerning the Meter Data Submission notification and acknowledgment obligations through its Rule Change Proposal, particularly given the administrative nature of these obligations. Rejecting these amendments means the administrative issues will continue until such time as AEMO, Western Power or another party is in a position to propose a much broader rule change. In the current environment it is not certain when this will occur and notably, the priority of such a rule change would be competing with the Energy Transformation Strategy reform program.

AEMO also considers that there may have been opportunity to address some of the broader meter data issues through the Procedure Change Process that would have been required had the Panel accepted the proposed changes.

AEMO therefore recommends that the Panel reconsider the rejection of the proposed Meter Data Submission notification and acknowledgment amendments. Given the administrative nature of these obligations, AEMO maintains the view that the Meter Data Submission notification and acknowledgment obligations are more appropriately specified in a Market Procedure than the Market Rules.

AEMO has some feedback for other matters in the Panel's Rule Change Report. These matters concern administrative detail that AEMO proposed be moved to a Market Procedure. The matters are as follows:

- Clause 9.20.4: AEMO proposed to remove the list of information required in a Notice of Disagreement from the Market Rules and put the detail in the Market Procedure: Settlement. The Panel has rejected this change on the basis that the list of prescribed information in clause 9.20.4 is essential. AEMO agrees that the information listed is essential. However, AEMO was seeking flexibility on the basis that the level of information required may vary on a case by case basis. If the list prescribed under clause 9.20.4 is retained, AEMO could be provided with discretion to request any additional information that it considers necessary from the participant to assess the disagreement, either in the Market Rules or through the Market Procedure: Settlement.
- Clauses 9.22.4, 9.22.6 and 9.22.8: AEMO proposed to amend these clauses to move the process for determining the minimum amount payable by a Market Participant to the Market Procedure: Settlement. AEMO considers that the minimum amount payable should be increased from the current \$1.00 to ensure that a Rule Participant does not make a loss on a transaction as current EFT transaction fees are greater than this amount. While the Panel agrees that the minimum amount payable should be greater than the EFT transaction fee, the Panel has rejected AEMO's proposal on the basis that the principle of how this amount should be set, should be in the Market Rules.

The Panel is proposing amended rules instead. This includes defining the minimum amount payable to be the 'Minimum Transaction Cost' which is the minimum cost of processing a transaction using the EFT facility, as charged by the nominated EFT

facility. The Panel's proposed amendments to clauses 9.22.6 and 9.22.8 mean that the amount payable by a Rule Participant must be greater than the Minimum Transaction Cost.

AEMO is not certain that these amendments are a permanent fix to the problem. For example, if the fee structure were to change so that it is tied to the value of the transaction, then the Panel's proposed amendments would not appear to cater for this scenario. Note that at the time of this submission, AEMO is not aware of any proposed changes to the current fee structure.

2. Please provide an assessment whether the change will better facilitate the achievement of the Wholesale Market Objectives.

AEMO's assessment continues to be as stated in the original proposal. That is, AEMO considers the amendments will result in more accurate settlements and efficient market outcomes, and therefore better meet Wholesale Market Objective (a):

... to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West interconnected system.

3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.

The proposed changes do not require AEMO to make amendments to market systems. AEMO anticipates that it will incur minor implementation costs for the Panel's proposed amendment to require AEMO to issue notifications to the relevant Rule Participant where AEMO decides to use a revised value in the final Adjustment Process (proposed clause 9.19.1B).

Consequential changes were originally required to the Market Procedure: Settlement and Market Procedure: Meter Data Submissions. However, some of these changes have been rejected by the Panel. AEMO has provided feedback on some of these matters above. In these circumstances, AEMO will await the Final Rule Change Report to assess the detail of the changes required to the Market Procedures before it commences any procedure changes.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

While AEMO is currently unsure of the extent of the procedure changes required, there will need to be at least one Procedure Change Process for draft clause 9.20.4 (as drafted in the Draft Rule Change Report). AEMO will require sufficient time to conduct this process (approximately 4 to 5 months). If the procedure changes only concern those required under draft clause 9.20.4 then staggered rule commencement dates may be appropriate. AEMO will seek to engage with the Rule Change Panel to clarify commencement date requirements.