5 Minute Settlement – program information

This factsheet summarises key themes and issues arising out of 5 Minute Settlement (5MS) one-on-one meetings during August and September 2018.

Note that this is not a status report on the readiness of the industry, just a summary from informal meetings held to give AEMO and stakeholders the opportunity to discuss areas of interest or concern to help shape the 5MS Program. Information presented from the meetings will be high-level and generic, with no attributions made to any organisation. The next round of meetings is expected to have a greater focus on Global Settlement.

What was discussed in the meetings?

The meetings mostly took place at Participants' premises and covered three main questions:

- How is your organisation preparing for 5MS?
- Have you identified any risks or issues that have not been adequately considered?
- Are there aspects of the 5MS program which do not work for you or could be improved?

Why wasn't my organisation included?

Due to the large number of parties involved, AEMO chose not to engage with all participants and stakeholders, but to engage with a representative sample of different classes of participants, with an offer to meet with other organisations on request. The meetings will be ongoing, and AEMO is happy to meet with your organisation's representative/s whenever it would be suitable.

How do I arrange a one-on-one meeting or get further information?

Please contact AEMO's 5MS team via 5ms@aemo.com.au. If you would like a meeting, let us know a time that suits you. The AEMO 5MS team is flexible in terms of location and will aim to meet face to face if possible. Otherwise, we will arrange to meet via teleconference.

What were the outcomes of the meetings?

Industry-wide themes

5MS Program

- General feeling that we are very early in the process so not everyone has given deep consideration to impacts of 5MS.
- Overall, the level of awareness of 5MS is high.
- The visibility of 5MS within organisations varied, but most organisations have executive level sponsorship or buy-in.
- Industry happy with the structure of the AEMO program overall, but:
  - There are a lot of different meetings and groups which can make it challenging to get the right people to each one.
  - The large number of meetings makes it difficult for resource-constrained entities to participate.
- The program is meeting-heavy.
  - Larger participants are sending representatives to all meetings to ensure they don't miss anything
  - Smaller participants lack the resources to attend all forums.

- The level of planning for 5MS within an organisation is very much dependant on its size and how it is impacted.
  - Larger organisations tend to have dedicated 5MS project teams either formed or being formed.
  - Smaller organisations are generally implementing 5MS through business as usual processes.

Key issues and risks

- Need for procedures and system specifications to be published as early as possible.
- Large volume of data is a challenge in terms of both storage and delivery.
- Vendor delivery risk was highlighted due to small number of vendors and international vendors not always tailoring solutions for the NEM.
  - However, the small number of vendors is also an opportunity if they are well-informed and collaborative.
- Scoping for IT changes being initiated, but also dependant on AEMO releasing procedures and specifications.
- Most participants indicated that transition and testing will require several months.
- Participants are keen to understand the interaction of 5MS with other NEM change programs.
- Participants are interested in discussing 5-minute derivatives with AFMA.

Retailer-specific themes

- Some retailers are considering using external consultants to advise on 5MS changes.
- Interest in engaging ASX and AFMA on derivatives.
- Value for customers seen as paramount.
- Some tensions exist between internal teams – e.g. IT and trading desk – over prioritisation of work on 5MS.

Generator-specific themes

- Impacts contracts and risk management of portfolio.
- Some interested in receiving 30-minute weighted data from AEMO.
- ETRM is key and subject to vendor delivery risk.
- Want ETRM as close to off the shelf as possible to avoid costly upgrades.

Network-specific themes

- Would like to get rid of legacy meters – especially sample meters.
- Regulated tariff review periods may not align with 5MS implementation timeline.

Metering-specific themes

- Metering fleets vary but many are assumed to be remote upgrade capable.
- 5-minute trials are happening now.
- Concern over file size limits.
- Storage capacity of metering fleet may be an issue – may not be able to hold required data for 35 days.
- Potentially large cost through to customers for data volumes and meter change over.
- Some participants considering the adequacy of existing MDM systems.