



ERC0331

31 August 2021

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

By email: Sam.Markham@aemc.gov.au

**AFMA response to AEMC consultation on
contingency arrangements for 5MS implementation**

The Australian Financial Markets Association (AFMA) welcomes the opportunity to comment on contingency options for a potential delay to the implementation of the five-minute settlement (5MS) rule change. AFMA represents the interests of participants in Australia's wholesale banking, financial and energy markets. Our members include Australia's major energy companies and other users of over-the-counter electricity derivatives.

While our preference is for no delay, given that market participants have expended significant effort to ensure systems are ready for the 1 October commencement, if a delay is needed, AFMA members would prefer to avoid an intra-quarter commencement date where possible. We note that any decision around a delayed start to 5MS will need to consider and balance the costs associated with a delay to IT implementation projects, implications for other market reform projects underway and the impacts of contract disruption.

We understand that a 1 January 2022 start is not under consideration. Accordingly, if AEMO identifies a delay to 5MS implementation is required, the 1 April 2022 start date aligning with the start of the April quarter is preferable to the 1 February 2022 intra-quarter date, which would create complications for some contractual arrangements. The potential risks associated with a mid-summer start on 1 February provide an additional reason to shift the commencement of 5MS to 1 April 2022, should a delay be required.

Please contact me either by phone on 02 9776 7979 or by email at nthompson@afma.com.au if further clarification or elaboration is desired.

Yours sincerely

Natalie Thompson
Policy Manager