INFORMATION EXCHANGE COMMITTEE MEETING

FOR DISCUSSION

SUBJECT: IEC BUDGET 2021-22

AGENDA ITEM: 13

1. PURPOSE

To seek Committee endorsement of IEC budget for 2021-22 prior to 28 February 2021.

2. BACKGROUND

Section 7.17.7(d) of the National Electricity Rules (NER) requires that by 28 February each year the Information Exchange Committee (IEC) prepare a draft budget for the following financial year in a form which is consistent with the budget procedures of AEMO.

Following discussion with AEMO the IEC must prepare a budget by 31 March and provide that budget to AEMO.

The following IEC and B2B costs have been included in the the 2021-22 draft budget:

- The projected annual costs relating to professional indemnity insurances required for IEC members;
- The costs relating to the AEMO member's participation in the IEC;
- Costs associated with hosting the IEC quarterly meetings, and the IEC work groups anticipated for the budget period; and
- A small allowance for the engagement of specialist advisers, should the IEC require external advice.

The consultation process of the B2B procedures and any associated IT development system costs have been excluded from this budget.

When AEMO publishes its budget, AEMO will advise the IEC of its final budget.

3. DISCUSSION

For the financial year 2020-21 the IEC budget was in the order of $120,000.

At the time this briefing was completed, there were considerable savings in the 2020-21 budget derived from restrictions on travel due to the COVID-19 restrictions. Assumptions have been made that some travel will be allowed / required by 2021-22.

The regulatory change landscape continues to suggest that there will continue to be potential B2B changes needed relating to (at least) the Consumer Data Right, the review of Competition in Metering and the introduction of retail competition into Embedded Networks. These changes are in addition to participant-generated changes that are also raised.

The elements included in the budget for 2021-22 are described in **Attachment 1**.

Should additional funds be required, the Secretariat will prepare separate project briefs which can be presented to the AEMO Investment Committee for consideration.

The proposed process and timetable for finalisation of the IEC 2021-22 budget includes:

Activity	Responsible	Date
Develop draft budget for IEC discussion	IEC Secretariat	November 2020 IEC meeting
Update budget to reflect IEC feedback and re-circulate to members for endorsement	IEC Secretariat	Mid - December 2020
Submit IEC budget in the AEMO budget timeline	IEC Secretariat	by 4 January 2021
AEMO Board to review draft AEMO budget and fees for consultation (including IEC draft budget)	AEMO	March 2021 (current estimates)
AEMO release draft budget and fees for stakeholder comment	AEMO	March – April 2021 (current estimates)
AEMO submits final budge and fees to AEMO Board	AEMO	Late May - early June 2021 (current estimates)
AEMO to advise IEC of budget	AEMO	When finalised

4. RECOMMENDATIONS

The Committee provide feedback to the Secretariat / endorse the proposed budget for 2021-22 as described in **Attachment 1 by Friday 18 December 2020**.

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APPROVED:	15 NOVEMBER 2020

ATTACHMENTS
1. IEC BUDGET PROVISION 2021-22 (DRAFT, TO BE FINALISED)

ATTACHMENT 1

IEC BUDGET (PROVISION) 2021-22

This attachment presents the proposed information Exchange Committee (IEC) budget for 2021-22 and covers:

- Budget provision for the IEC; and
- Assumptions made in relation to the budget.

The IEC budget has been based on actuals for 2020-21 year budget.

Items to be included in the 2021-22 IEC budget

The IEC requires a significant annual budget to deliver its regulatory obligations. Budget items included to support the Committee's operation include:

- <u>AEMO member (Chairperson) payments and expenses:</u>

  Provision has been made for the IEC Chairperson expenses, having regard to previous costs incurred and likely meeting frequency. Note that there were savings in 2020-21 due to travel restrictions. An assumption has been made that in 2021-22 some travel will be required and the draft budget figures have been held at 2020-21 estimates (cost of travel per event may be higher in future years).

- <u>IEC member professional insurances:</u>

  The IEC (and its members) does not have immunity from liability under the National Electricity Rules (NER) and, as a non-incorporated body, is exposed to public liability claims. IEC members require insurance coverage pertaining to their roles in making decisions and recommendations to AEMO and for public liability. AEMO secures the following insurances on behalf of the IEC:

  - Directors and Officers Liability ($10 million limit);
  - Professional Indemnity ($10 million limit); and
  - General Liability ($20 million limit).

  AEMO is current negotiating the costs for these services for 2021-22 and the final IEC budget will be updated to include the quoted insurance costs.

- <u>IEC Working Group costs:</u>

  AEMO chairs the B2B-WG which has met virtually at least monthly during the period of March – November 2020, due to the complexity and volume of work required of the B2B-WG. Prior to March 2020, there were quarterly face-to-face two-day workshops, hosted by participants (or AEMO) in different states. The assumption for 2021-22 is that limited travel will return.

  Further, if the embedded network regulatory framework AEMC consultation resumes, there may need to be an additional working group established.

  The assumptions for the two IEC working groups have been included below for the development of the budget, with limited budget for secretariat travel and expenses allowed (cost of travel per event may be higher in future years).

  The working time of the AEMO secretariat, SMEs and participant B2B-WG members has not been costed into this budget.

- Catering and meeting venue:

  It is anticipated that the IEC may return to (at least some) face-to-face meetings during 2021-22. A nominal budgetary amount held at the previous level is proposed to cover costs of refreshments for face-to-face meetings noting that meetings will be held at AEMO or agreed participant sites so that no venue hire costs are incurred (no allowance for external venue hire in order to manage budget costs).

Budget Assumptions

The following assumptions have been made in relation to the buget projections:

1. Project, e-Hub development and consultant costs resulting from decisions made by the IEC in relation to B2B Procedures have not been incorporated in the AEMO budget for 2021-22. These costs are recouped via participant fees in line with the AEMO fee recovery framework.
2. All industry members of the IEC and IEC working groups will be funded by their participant employer for all activities and expenses related to IEC work and national B2B Procedures.
3. The IEC will be able to, and AEMO will consider, requests for additional budget to fund project work or unforeseen development work as necessary.
4. AEMO's support of the IEC will be budgeted by AEMO separately to this budget submission in the following areas:
   - in its role as Secretary and Returning Officer and managing the business of the IEC;
   - support of IEC working groups;
   - in the conduct of IEC-initiated Rules consultations and in preparing other IEC papers;
   - helpdesk support for B2B Procedures and other B2B infrastructure;
   - legal review of B2B Procedures and supporting documentation; and
   - support of technical testing and technical testing environment.

   Only costs associated with the AEMO Director's fee and travel, professional insurances and potential travel for IEC and working group face-to-face meetings are included in the budget expenses.

Budget Figures

The proposed 2021-22 IEC budget is set out below. All budget items are to be accrued over the 12-month financial year.

Budget expense description	Budget
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
Total (to be updated once Professional Insurances are finalised by AEMO)	**$108,500**