



Newsletter

# NEM Reform

Issue: 8 | **July 2024**

Over the last quarter AEMO, together with industry, finalised delivery of the IESS Project, marking a significant milestone for the energy transition.

We want to thank our stakeholders for their continued support and contributions to deliver this significant initiative, to enable efficient participation of batteries and aggregators in the NEM that is an integral part of our future energy system.

We look forward to continued collaboration with industry and building on the momentum gained to deliver projects effectively and efficiently as we work to implement our inflight reform initiatives and those ahead in the pipeline.

We thank you for your continued support.

*\*Re-issued to include correction to Metering Services Review effective date and Improving Security Frameworks latest progress*

## **Our latest Program update**

Our Newsletter aims to provide you the latest news from across the NEM Reform Program to help you navigate the reforms supporting the energy transition. This edition includes:

- In the spotlight
- Inflight initiatives updates
- How to get involved

# In the spotlight

## IESS June delivered! And project drawing to a close

In early June we reached a significant milestone in NEM Reform with the successful final commencement of the Integrating Energy Storage Systems (IESS) rule, in two parts:

1. On **Sunday 2 June 2024**, the following became effective in the NEM:

- **Settlement and Non-Energy Cost Recovery (NECR):** Changes in cost calculation for essential system services and interventions affecting all Financially Responsible Market Participants. The changes incentivise more efficient market investment and outcomes, and better reflect the demand for these services.
- **Small generation aggregators became Integrated Resource Providers (IRP):** A new, near-universal registration category including facilities with bidirectional energy flows.

2. On **Monday 3 June 2024**, the following became effective in the NEM:

- The **new Integrated Resource Provider (IRP) registration category** became available, allowing participants to take on multiple roles. Batteries can now register as a single facility, streamlining the process and eliminating the need for batteries to be **registered** as both a generator and customer.
- **Bidirectional Unit (BDU):** A new unit type to accommodate facilities with bidirectional energy flows, enables them to bid and dispatch as a single unit, removing the need for separate generation and load units, simplifying operations and the bidding process.

### Next Steps:

- **Settlement processing:** Impacted participants must complete any outstanding settlement processing to adopt new settlement data structures prior to May 2025.
- **BDU transition:** 26 grid-scale BESS will transition from a two-DUID model to single bidirectional DUID (BDU) over the next 5 months.

- **Continued engagement** with participants preparing for BDU cutovers in production.

AEMO would like to thank all participants who have contributed to the [IESS project's](#) successful implementation.

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## CER Data Exchange Industry Co-Design

*Providing value to all consumers through coordinating flexible (CER) requires industry organisations to connect, share data and coordinate operations securely.*

The [CER Data Exchange Industry Co-design](#) is a joint initiative between AEMO and AusNet Services to work collaboratively with industry to co-design a national CER Data Exchange.

Supported by a grant from the ARENA's Advancing Renewables Fund, the CER Data Exchange initiative seeks to create a digital ecosystem that supports multiple organisations to share CER-related information through a secure exchange.

Stakeholders can register their interest in our Industry Workshops by email [cerdataexchange@aemo.com.au](mailto:cerdataexchange@aemo.com.au) or via [this link](#).

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## NEM Reform Program General Briefing

On 22 May 2024, AEMO held an external NEM Reform Program General briefing, followed by a Roadmap briefing for a broad industry audience.

A recording of the sessions is available on AEMO's [NEM Reform Public Forums webpage](#).

## Inflight initiative updates

The following section provides an update of the NEM Reform Program's inflight initiatives. For a more detailed view of the Program's implementation schedule, please view the latest version of the [NEM Reform Implementation Roadmap](#).

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## Retail Market Improvements (RMI)

*Delivering more efficient processes for AEMO, consumers and participants in the NEM, comprising of two changes for Issues and Change Forms (ICFs).*

**Effective dates:**

**29 September 2024:** Net System Load Profile (ICF\_072) Go Live.

**4 November 2024:** Substitution Types Review (ICF\_054) Go Live.

**Impacted stakeholders:**



**Metering Data  
Provider**



**Financially  
Responsible  
Market  
Participant  
(FRMP)**



**Embedded  
Network  
Local Retailer  
(ENLR)**



**Local Network  
Service  
Provider  
(LNSP)**

**Latest progress:**

- **20 June 2024:** Industry Test Strategy provided to participants for review and comment. Email comments to [NEMReform@aemo.com.au](mailto:NEMReform@aemo.com.au) by COB Friday 19 July.

**What's next?**

- **Sep – Oct 2024:** Industry Testing and associated go-live activities.

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## SCADA Lite

Facilitating bi-directional connections to exchange operational information (telemetry and control) with AEMO. Read more about SCADA Lite [here](#).

**Effective date:**

**29 January 2025:** SCADA Lite Go Live.

**Impacted stakeholders:**



**Small  
Generators**



**Distribution  
Networks**



**Transmission  
Networks**



**Demand  
Response  
Service  
Provider  
(DRSP)**



**Small  
Generation  
Aggregator**



**Virtual P  
Plant (V)**

**Latest progress:**

- AEMO completed the enhanced Proof of Concept (POC).
- AEMO completed the architectural process.

### What's next?

- **July 2024:** Commence technical build.
- **July 2024:** Publish final Readiness Approach aligned to updated delivery milestones.
- **October 2024:** Pilot test plan.
- **Early January 2025:** Release the Go Live Plan.

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## Frequency Performance Payments (FPP)

*Incentivising electricity generators and scheduled loads to have a helpful impact on system frequency to reduce costs of frequency regulation and keep the lights on.* Read more about FPP [here](#).

### Effective dates:

**9 Dec 2024:** Commencement of the non-financial operation (NFO) period of the new FPP calculation engine, to allow market participants to familiarize themselves with its operation and outcomes, without financial settlement of FPP amounts occurring (non-financial operation Go Live).

**8 June 2025:** New FPP arrangements commence, with incentive and penalty payments to be settled, replacing the existing 'causer pays' arrangements (financial operation Go Live).

### Impacted stakeholders:



**Scheduled  
Load**



**Generation**

### Latest progress:

- **April 2024:** AEMO published the changes to the Participant Data Model that will accommodate the new FPP measurement and calculation data. The Technical Specification for the Electricity Market Management System Data Model, version

5.4, otherwise known as the EMMS DM 5.4 Tech Spec, is available via the [portal on AEMO's website](#).

- **7 June 2025:** AEMO published the final [Industry Testing Strategy](#).

#### What's next?

- **Sep – Nov 2024:** Stakeholder information and Q&A sessions planned for the lead up to non-financial operation.
- **Oct 2024:** Industry Testing to commence for non-financial operation.

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## Metering Services Review (MSR)

*Enabling the deployment of smart meters requires Distribution Network Service Providers (DNSPs) to create a Legacy Meter Replacement Plan (LMRP) to schedule the replacement of their type 5 and 6 (legacy) metering installations.*

*Effective dates: To be advised once AEMC final determination is published*

#### Impacted stakeholders:



**Metering  
Coordinator/  
Provider/ Data  
Provider**



**Financially  
Responsible  
Market  
Participant  
(FRMP)**



**Distribution  
Network  
Service Provider  
(DNSP)**

#### Latest progress:

- **11 July 2024:** Industry responses to Issues Paper for Package 1 due.

#### What's next?

- **28 November 2024:** AEMC final determination.

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## Enhancing Reserve Information (ERI)

*Improving the transparency of energy availability in the NEM, enabling participants to make more informed decisions about their actions to support the supply-demand balance of the*

wholesale market. Read more about ERI [here](#).

**Effective dates:**

**July 2025:** Go Live 1 - energy availability of scheduled generators and previous day's state of charge for batteries.

**July 2027:** Go Live 2 - latest commencement of real time state of charge of batteries.

**Impacted Stakeholders:**



**Scheduled  
Generators**



**Bi-directional  
Units**

**Latest progress:**

- **7 June 2024:** Published the draft [ERI High-level Implementation Assessment \(HLIA\)](#).

**What's next?**

- **July 2024:** Publish the final ERI HLIA.
- **March 2025 (indicative):** Industry testing to commence.

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## Improving Security Frameworks (ISF)

*A key system security reform that helps keep the lights on during the energy transition through improved transparency of system security needs and better incentives for market participants to invest long term in system security provision. Read more about ISF [here](#).*

**Effective dates:**

**2 December 2025:** Improving Security Frameworks Go Live.

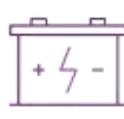
**Impacted stakeholders:**



**Transmission Network  
Service Providers**



**Generation**



**Batteries & other  
technologies**

#### Latest progress:

- **31 May 2024:** Published v0.1 of the [ISF High-level Implementation Assessment \(HLIA\)](#).
- **28 June 2024:** Published the [Provisional Security Enablement Procedure](#).
- **4 July 2024:** Arrangements for Improved Directions Transparency were implemented - the first major milestone of the ISF Rule.
- **5 July 2024:** First stage consultation commences on [Inertia Requirements](#). Methodology and [NSCAS Description Requirements Methodology](#).

#### What's next?

- **Q3 2024:** Second version of HLIA expected to be published.

## Market Interface Technology Enhancement (MITE)

*Ensuring the security, reliability and effectiveness of digital capabilities that underpin current and future market services. Read more about the MITE initiatives [here](#).*

The **Market Interface Technology Enhancement initiatives**, formerly known as Foundational and Strategic, currently includes Identity and Access Management (IDAM), Industry Data Exchange (IDX) and Portal Consolidation (PC), as shown on the [NEM Reform Implementation Roadmap](#).

#### Proposed effective dates:

*Late 2025 to early 2026 (TBC): IDAM and IDX Foundation.*

#### Impacted stakeholders:



**Retailer**



**Generation**



**Service  
Provider**



**Participant  
Admin**



**Metering**



**Customer**

#### Latest progress:

- **June 2024:** The business case, including AEMO funding, supporting the 'foundational phase' of IDAM, IDX and PC, was endorsed by AEMO's internal governance. Decision point #2 associated to the IDX 'transition' continues to be forecast for Q4 2025.
- **July 2024:** AEMO has progressed its planning activities to support the next phase of stakeholder collaboration.

#### What's next?

- **July 2024:** AEMO to call for nominations for a new Market Interface Technology Enhancement Working Group (MITEWG). The objective of the MITEWG is to enable collaboration with industry to progress the planning and implementation of key MITE deliverables. AEMO to share the 'MITE External Engagement Strategy' with the PCF for its consideration and feedback.
- **August 2024:** AEMO to commence MITEWG engagement. AEMO to share the initial MITE 'plan on a page' (PoaP) with the PCF for its consideration and feedback.

## How you can get involved

Keep up to date with the latest information on how to get involved on AEMO's [NEM Reform Program](#) webpage.

As always please contact the team at [NEMReform@aemo.com.au](mailto:NEMReform@aemo.com.au) should you have any questions.

Regards

NEM Reform Program Team