

Regulatory Implementation Roadmap – 9 July Stakeholder Forum

Summary of feedback and AEMO's response

Introduction

This document accompanies the publication of Regulatory Implementation Roadmap (version 5) 'the Roadmap'.

This document provides a summary of stakeholder questions and feedback, as well as AEMO's response. Please note that:

- This document is a high-level summary only and is not intended to be a complete record of discussion at the forum, or the feedback received.
- The stakeholder questions/feedback, and AEMO's responses, have been grouped together by general theme and are not presented in the order that issues were raised in the forum.

Overview of stakeholder forum

AEMO presented the slide pack and updated Roadmap (draft version 5), circulated to stakeholders on Tuesday 6 July. The following items were discussed:

- Background to the Roadmap
- Objectives of the forum
- Proposed updates to the Roadmap at the forum
 - Committed initiatives due to commence in 2021 – confirmed 21 June 2021 go-live of retail MDM IT platform for five-minute settlement (5MS),
 - Current status of Standalone Power Systems; a number of system services rule changes processes,
 - Recent rule change requests (ST PASA) and final rules made (REZ Planning, General Power System Risk Review, NEM Settlement under low, zero and negative demand conditions).
- Updated detailed implementation schedule for 2021 and extended to 2022 – showing 5MS and Global Settlements (GS) as separate line items for clarity, and reflecting changes to Wholesale Demand Response Mechanism (WDR), MSATS Standing Data Review and Declared Wholesale Gas Market (DWGM) enhancements.
- Presented a 5MS contingency scenario as a precautionary measure, as 5MS is on track to commence on 1 October 2021– the main scenario presented was a two-month delay to 29 November 2021 and bundling of regulatory initiatives (GS, Customer Switching, WDR, Gas B2B and Electricity B2B changes) scheduled to commence in 2021,
- AEMO posed three consultation questions for stakeholder feedback:
 - one relating to bundling electricity B2B changes with gas B2B and therefore setting a new commencement date for electricity B2B of 29 November 2021,
 - and two relating to the 5MS contingency scenario, specifically bundling options and an alternative contingency go-live date.

- Next steps – stakeholder responses to the Roadmap were requested by 16 July 2021 and AEMO committed to publication of the version 5 of the roadmap in end of July/early August.

Stakeholder feedback to consultation questions

AEMO received 10 submissions from 3 gentailers, 1 retailer, 4 network businesses, one metering business and one business that provides retail, network and metering services. A brief summary of feedback to each consultation question is below.

Consultation Question 1 - *Should the electricity B2B changes go-live move to 29 November 2021, to align with the gas B2B changes go-live?*

There was some support for aligning electricity and gas B2B changes to 29 November 2021, with six of the ten respondents in favour of this proposed change and one respondent supportive of alignment, but with a 2022 commencement date. Three respondents did not support alignment, with one providing an estimate of additional costs they would expect to incur if the proposal is pursued. Another reported that they are unable to support this proposal, as their internal transformation projects have dependencies with electricity B2B changes.

Consultation Question 2 - *If a short delay to 5MS is required, should 5MS, global settlement (soft start), customer switching, wholesale demand response, electricity and gas B2B changes be bundled?*

With respect to bundling initiatives, four of the ten respondents supported or accepted the proposed bundling approaches. Other stakeholders expressed concern regarding bundling of 5MS, customer switching, WDR and B2B changes. Specifically, they considered bundling multiple initiatives would increase risks of implementation and managing post go-live activities. Some respondents proposed other partial bundling options, where fewer initiatives are bundled with 5MS. One respondent suggested that 5MS should not be bundled with global settlements and customer switching.

During the forum, stakeholders questioned AEMO's capacity to give effect to these initiatives at one time and whether there would be extra testing to mitigate the risks of bundling.

Consultation Question 3 - *Given that the gas B2B changes go-live date is more difficult to change, is there support to align with a 29 November 2021 go-live (if a short delay to 5MS is required)?*

Stakeholders' strong preference is to retain the current 5MS commencement date, as their respective programs to give effect to the market changes, are on schedule and any delay would result in additional costs. However, if a change was required, five of the ten respondents supported a November 5MS go-live, although one stakeholder indicated a preference for a 10 November 2021 go-live. Stakeholder concerns were raised regarding the proposed alternative commencement date of 29 November 2021, in terms of vendor support over the holiday period and managing defect remediation. Other stakeholders raised issues regarding an intra-month 5MS commencement and recommended a 'first of the month' go-live commencement to avoid settlement and billing complications.

Other Comments and Feedback

There were some comments relating to the detailed regulatory implementation schedule namely:

- Around the timing of schema releases R40 and R41 if the commencement of B2B changes were aligned, and
- If there was scope to align the the Global Settlement market trial and MSATS standing data review.

Stakeholders sought clarification on the indicative timing of other regulatory initiatives, such as the standalone power systems (SAPS) and consumer data right (CDR).

In addition, there were some comments on whether feedback on the contingency scenario provided in mid-May had been taken into account and regarding consultation timeframes for this Roadmap update.

AEMO's response to Stakeholder Feedback on Consultation Questions

AEMO acknowledges that the response rate was relatively low and that stakeholders expressed mixed views in response to the consultation questions. AEMO recognises that stakeholders varied views may be in part driven by the different approaches market participants have taken to affect the market changes and dependencies within their respective programs.

As indicated at the forum, the feedback received has informed AEMO's rule change request on "5MS and global settlement (soft start) – contingency arrangements for managing start date risk". This rule change request and associated AEMC consultation paper was published by the AEMC on 5 August, and is available for review on the AEMC website.

This rule change request, which is a precautionary measure, proposes a mechanism for determining an alternative commencement date for 5MS in the National Electricity Rules, if an issue emerges that necessitates a delay. An alternative market start date may be determined by the AEMC, informed by the AEMO 5MS start notice, which will be issued by AEMO to affected industry participants and the AEMC no later than 1 September 2021.

AEMO has considered the feedback and reached positions on each of the consultation questions as set out below.

Consultation Question 1 - *Should the electricity B2B changes go-live move to 29 November 2021, to align with the gas B2B changes go-live?*

While AEMO acknowledges the stakeholder support to align the electricity and gas B2B changes, especially amongst dual fuel businesses that operate a single B2B system, this proposal is not being pursued. On the balance of risks, AEMO has prioritised a 'first of the month' commencement over alignment of electricity and gas B2B changes. Gas B2B will remain on 29 November as the commencement date cannot be easily amended, as gas B2B changes apply to the National Electricity Market and the Western Australian Wholesale Electricity Market. In WA these changes have already been gazetted by the WA Economic Regulation Authority. This is reflected in the Roadmap.

Consultation Question 2 - *If a short delay to 5MS is required, should 5MS, global settlement (soft start), customer switching, wholesale demand response, electricity and gas B2B changes be bundled?*

On the issue of bundling, AEMO plans to bundle key 2021 projects with the exception that gas B2B changes which will be delivered separately. This approach recognises the dependencies between 5MS, GS and customer switching, WDR and electricity B2B changes, and seeks to limit disruption to the forward regulatory program. AEMO notes the following factors that have influenced this decision:

- 5MS and GS soft start are bundled into the same code base and it is not practical to unbundle these two initiatives.
- Customer Switching is bundled into the same code base as 5MS – for AEMO and for a number of participants. This decision was taken following earlier feedback from participants about bundling Customer Switching with 5MS. It would not be practical for AEMO to

unbundle Customer Switching from 5MS in the timeframes, and AEMO anticipates this would be the case for a number of participants also.

- WDR cannot go-live in 30 minute mode, it has been designed to operate in a 5 minute environment. Therefore, WDR must go-live at the same time, or after, 5MS. WDR is an important initiative for summer reliability and in order for WDR to be operational for the summer season it needs to be bundled into the 1 December go-live.
- Electricity B2B is built on top of 5MS and Customer Switching changes. Therefore, it must go-live at the same or after 5MS. Deferring electricity B2B from the 1 December go-live package and delaying this initiative for 2022 would be disruptive for the plans of a number of participants. Accordingly, it is proposed that electricity B2B is bundled with the 1 December go-live package.
- Deferral of any of these initiatives into 2022 would create knock-on consequences for participant and AEMO work programs in 2022 (regulatory implementation and business initiatives).

AEMO notes the point made in some submissions in relation to the risk profile of a single integrated go-live. AEMO will manage this risk by ensuring the go-live is suitably resourced.

Consultation Question 3 - *Given that the gas B2B changes go-live date is more difficult to change, is there support to align with a 29 November 2021 go-live (if a short delay to 5MS is required)?*

AEMO notes, and supports, stakeholders' strong preference is to retain the current 5MS commencement date.

As set out above, AEMO has prioritised a 'first of the month' commencement over alignment of electricity and gas B2B changes based on stakeholder feedback. This avoids settlement and billing complications from a mid-month start, which participants have indicated would require additional testing and/or simulation through the 5MS market trial, and avoids associated operational complexity.

AEMO recognises stakeholder concerns that a 1 December 2021 go-live date for 5MS and the bundled package is close to the change freeze period and holiday period. The alternative is to defer some or all of the initiatives into 2022. AEMO considers this would have more significant consequences for the industry and the reforms overall. A deferral into 2022 would see deferral of reform benefits, increased costs associated with extended delay and significant knock-on consequences for regulatory and business programs in 2022. AEMO recognises that suitable hypercare arrangements for early December will be crucial under this scenario.

[AEMO's response to Other Comments and Feedback](#)

AEMO confirms that there will no changes to the timing of schema releases R40 and R41.

AEMO will propose to update the timing of the GS market trial to align with the MSATS standing data review preproduction industry test in response to stakeholder feedback. This proposal will be reviewed and validated with the 5MS stakeholder forums.

With regard to the other initiatives, stakeholders sought clarification around the indicative commencement date of SAPS and CDR reforms during the forum. The Roadmap (version 5) reflects:

- For SAPS an indicative go-live date of August 2022 (earliest commencement date), consistent with AEMC’s recommended implementation timeframe of 12 months after law and rule changes made, and
- For CDR, an indicative go-live date of September 2022 is included, this is however subject to Treasury confirmation of timing given recent changes in design.

Updates to the regulatory roadmap and detailed implementation schedule (version 5, final)

Limited updates have been made in finalising the roadmap and detailed implementation schedule (version 5), as the 5MS program is on schedule for commencement on 1 October 2021, as are other regulatory initiatives to be delivered in October and November 2021.

The 5MS precautionary contingency scenario has been included (on a separate view) and reflects the proposed short delay scenario where 5MS, customer switching, WDR and electricity B2B changes commence on 1 December 2021. Gas B2B changes occur on 29 November (unchanged) have not been bundled for reasons discussed above.

Updates to the roadmap include:

- a committed status and go-live date of 9 October 2023 for fast frequency response market ancillary service reflecting AEMC’s final determination,
- a committed status and go-live date of 22 July 2021 for connection of dedicated connection assets reflecting AEMC’s final determination,
- a proposed go-live date of 28 April 2023 for integrating energy storage systems reflecting the AEMC’s draft determination.

The detailed implementation schedule has been updated for the following:

- for wholesale demand response, the EMMS data model will now be released on 16 September 2021 rather than in mid-August,
- for global settlements, reflects proposed update to timing of the market trial to align with MSATS standing data review industry test (subject to review and validation by 5MS stakeholder forums).