5MS Procedures Working Group (PWG) Meeting Notes

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| MEETING: | 3 |
| DATE: | Thursday 13 September 2018 |
| TIME: | 12:15 PM - 2:15 pm |
| LOCATION: | AEMO Offices Melbourne, Sydney, Brisbane, Adelaide and Video/Teleconference |

Attendees:

|  |  |  |
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| **Attendee** | **Organisation** | **Office** |
| Aakash Sembey | Simply Energy | Melbourne |
| Rajiv Balasubramanian | Jemena | Melbourne |
| Rhianna Findlay | Ausnet Services | Melbourne |
| Ty Crowhurst | IntelliHub | Melbourne |
| Andrew Godfrey | Energy Australia | Melbourne |
| Panos Prifakis | Snowy Hydro | Melbourne |
| Dan Mascarenhas | AGL | Melbourne |
| Chantel Wright | Momentum Energy | Melbourne |
| Justin Stute | Select Data and Measurement Solutions | Melbourne |
| Ricky Brooks | Stanwell | Brisbane |
| Adam Gritton | Stanwell | Brisbane |
| Blaine Miner | AEMO | Brisbane |
| Emily Brodie | AEMO | Sydney |
| Austin Tan | AEMO | Sydney |
| Gary Einser | AEMO | Sydney |
| Jason Pereira | Landis & Gyr | Sydney |
| Tim Lloyd | Essential Energy | Sydney |
| Dean Lane | Origin Energy | Sydney |
| Derek Perez | Infigen | Sydney |
| Anders Sangkuhl | Alinta Energy | Sydney |
| David Woods | SA Power Networks | Dial in |
| Divya Kapoor | Flow Power | Dial in |
| Greg Szot | Powercor Australia | Dial in |
| Ingrid Farah | Ergon Energy | Dial in |
| Jane Hutson | Ergon Energy | Dial in |
| Jeff Roberts | Evoenergy | Dial in |
| John Chiodo | ZEN Energy | Dial in |
| Linda Brackenbury | Plus ES | Dial in |
| Paul Willacy | Aurora Energy | Dial in |
| Prateek Beri | Hydro Tasmania | Dial in |
| Stephen Wilson | Aurora Energy | Dial in |
| Wayne Turner | Ausgrid | Dial in |
| Piera Lorenz | Telstra | Dial in |
| Greg Budek | Ergon Energy | Dial in |
| Adrian Honey | TasNetworks | Dial in |
| Sharleen Flanagan | ERM Power | Dial in |
| Martin Ralph | Hydro Tasmania | Dial in |
| Stephanie Lommi | Lumo Energy Australia | Dial in |

1. **WELCOME, INTRODUCTION and APOLOGIES – Emily Brodie (AEMO)**

Attendees were welcomed to the third Procedures Working Group meeting.

**MINUTES & ACTIONS FROM PREVIOUS MEETING – Emily Brodie (AEMO)**

Actions from Previous Minutes have been updated (attached).

Participants had been invited to provide feedback to AEMO on the packaging and prioritisation of procedures. Stanwell highlighted that the timing of the reallocations package might be too late as parties are already entering into reallocation contracts for 2021. Further discussion on this issue will be held at the Settlement Managers Group on Wednesday 19 September.

In absence of other industry feedback, AEMO is not intending any future amendments (aside from considering the timing of the reallocations package).

Other responses from PWG were relevant to the Joint Metering and Systems Focus Group and will be discussed on Friday 14 September, or to the Dispatch Focus Group intended for mid to late October.

An Industry Risk Register has been established to monitor risk and will be reviewed monthly by the Program Consultative Forum (PCF). ETRM vendor risk has been raised at the PCF and this was added to the risk register. Regulatory risk was also added to highlight the risk of the AEMC implementing other rules that will affect 5MS, with Global Settlement as the main foreseeable issue. The Industry Risk Register can be viewed at: <http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Five-Minute-Settlement/Program-Management/Program-Consultative-Forum>

The Estimations package will be further discussed at the Settlement Mangers Working group next Wednesday 19 September.

1. **PROCEDURES WORKSTREAM UPDATE, INCLUDING FOCUS GROUP UPDATES – Emily Brodie (AEMO)** – Slide 4 to 6

Consultation timing for the Metering Data & Meteorology procedures will likely be moved from September to October to allow further input from the industry before the formal consultation process. This includes input from the Joint Metering and Systems Focus Group to be held on Friday 14 September.

Final stage of consultation is underway for Intervention Pricing Methodology procedures. Submissions are open until 18 September. The final report and procedure will be published on 1 October.

1. **POTENTIAL DRAFTING AMENDMENTS – Emily Brodie (AEMO)**

AEMO plans to develop a drafting amendments rule change proposal through the procedures workstream.

The PCF is seeking input from the PWG on:

* the potential 5MS drafting amendments identified by AEMO, particularly around a bidding data soft cutover
* any other areas of the 5MS rule that need amending (Action 3.3.1)

The Dispatch Focus Group held on 14 August considered there should be a transitional period between 30-minute & five-minute bidding but the details need further work. AEMO proposes to convene a joint Dispatch/Systems focus group to discuss the transition to 5 minute bidding in mid to late October. PWG/AEMO will to have a more detailed conversation around the potential to submit a rule change request to the AEMC, informed by discussions at this focus group.

1. **SETTLEMENTS PROCEDURES – PRUDENTIALS – Katalin Foran (AEMO) – Slide 17**

**to 22**

AEMO noted that participants will not see any difference in prudential requirements after 5MS changes are implemented.

AEMO may make minor or administrative amendments to the Credit Limit Procedure (CLP) without having to go through the full Rules consultation process (NER clause 3.3.8 (h)). AEMO invited the PWG to provide feedback on whether the full consultation process is required. (Action 3.4.1) An example of a shortened consultation is outlined below:

* Publish an issue paper with marked up version of the CLP.
* Give MPs adequate time (i.e. 20 business days) to provide comment.
* Publish final report with final CLP version.

**Credit Limit Procedures (CLP)**

AEMO have considered three options to update the CLP:

1. Update all refences in the CLP referring to half hourly load, price and reallocations to reference five-minute load, price and reallocations. Currently this is AEMO’s preferred option, as this is the most robust option in the long term.
2. Leave methodology unchanged and continue to perform calculation at 30-minute level. This would not reflect the transition to 5MS and is not recommended.
3. Fundamental change to the CLP methodology. AEMO has not identified sufficient merit in this option but would appreciate any feedback.

The PWG was invited to provide feedback on the options. (Action 3.4.2)

**Maximum Credit Limit calculator (MCL)**

The MCL calculator provided to market participants to estimate MCL ahead of time will be updated to allow participants the option to upload data in 5-minute intervals. It is not used by AEMO to calculate market participant MCL.

**Regional model data and CLP training materials**

Regional model data – average daily values (i.e. price, load, volatility etc) publish post each season – will remain unchanged.

CLP training materials will be updated to reflect 5MS data being used in MCL calculations.

Other documentation be updated once systems solution finalised:

* EMMS Prudential Forecast User Interface Guide
* NEM Prudential Dashboard Support Information

1. **OTHER BUSINESS: GENERAL QUESTIONS – Emily Brodie (AEMO)**

It was noted that the joint metering/systems focus group was oversubscribed with strong interest from the industry. AEMO will make every effort to accommodate requests however numbers were limited to facilitate productive discussions during the session. Meeting notes will be circulated to both the SWG and PWG to keep everybody informed of the meeting’s outputs.

In response to a question on the purpose of the 5MS Systems Working Group, an infographic on AEMO’s engagement with the industry can be found [here.](https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Five-Minute-Settlement)

The 5MS executive forum scheduled for 10 September was handled as an email update rather than meeting as it appears the 5MS project is on track at this time.

Origin noted an outstanding action from the Dispatch Focus Group – that AEMO is to investigate the risks and benefits associated with the alignment of the electricity trading day with either the gas trading day or the calendar day, and to report back to the Dispatch Focus Grop and PWG. (Action 3.5.1)

Further questions can be sent to [5ms@aemo.com.au](mailto:5ms@aemo.com.au).

1. **FORWARD MEETING PLAN – Emily Brodie (AEMO)**

Attendees were thanked for their attendance and advised of future PWG meetings for 2018;

* Thursday 11 October
* Friday 16 November
* Thursday 13 December

Procedures focus groups:

* Joint Metering/Systems – Friday 14th September, Melbourne

Next Program Consultative Forum

* Thursday 4 October

Next Executive Forum

* Tuesday 13 November

Further information on the 5MS program, and a calendar of all meeting and forum dates can be found via the following link: <http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Five-Minute-Settlement>.

| **Item** | **Topic** | **Action required** | **Responsible** | **By** |
| --- | --- | --- | --- | --- |
| **PWG 2** | | | | |
| 1.6.2 | Packaging and Prioritising Procedures | Participants to provide AEMO with feedback on the prioritisation of procedures. Email feedback to [5ms@aemo.com.au](mailto:5ms@aemo.com.au)  No feedback received, assume packaging is suitable. At this stage not planning to alter proposed timing.  Ricky Brooks, Stanwell – reallocations package occurring late Q1 Q2 and parties may be entering into reallocation contracts.  **ACTION:** PWG members to provide information to AEMO about the suitability of reallocation procedure package timing.  **ACTION:** AEMO to discuss with PWG whether there is a need to adjust the timing of the reallocation procedure package  **ACTION**: Prudentials date on Draft Document to be amended for correct year | PWG members  PWG members  AEMO  AEMO | 14/8/2018  COMPLETE  ONGOING  COMPLETE |
| 1.6.3 | Packaging and Prioritising Procedures | AEMO to advise how the PWG will interact with the IEC in relation to B2B Procedures.  AEMO to refer any relevant changes to B2B procedures to IEC. Have exchanged in May and will converse in Sept and Nov. | Emily Brodie (AEMO) | COMPLETE |
| 1.6.4 | Packaging and Prioritising Procedures | AEMO to advise how the PWG and SWG will interact to ensure a coherent approach to procedure and system changes  See slide 7 of PWG #2 meeting pack.  **ACTION**: PWG to provide AEMO with subject areas, aside from Transition planning, that would benefit from a joint procedures/systems focus group. | Emily Brodie (AEMO)  PWG | 20/8/2018  COMPLETE |
| 1.6.5 | Packaging and Prioritising Procedures | Allocate some time toward the end of 2019 to include a formal period to review and make any additional changes to procedures.  Proposed to monitor risk through the Industry Risk Register. The Industry Risk Register is reviewed monthly by the Program Consultative Forum (PCF).  Shaun – Origin – ETRM industry risk has been raised the last PCF and was extended to all aspects of software. Software vendor delivery has been a theme in one on one meetings with stakeholders.  **ACTION:** Chris Muffett (AEMO) to raise at next PCF.  Monitoring risks which are not high level – can have industry defect management type of approach for UAT items etc. It is not set up yet and will be part of Readiness.  Jeff Evoenergy – queried use of risk register for other rules that the AEMC may implement, Global Settlement is the main foreseeable issue for this program. Future rule changes could affect the implementation of 5MS.  **ACTION**: PCF to consider a regulatory risk item on the industry risk register. Emily Brodie to raise with PCF | Emily Brodie (AEMO)  Chris Muffett (AEMO)  Emily Brodie (AEMO) | 20/8/2018  COMPLETE  COMPLETE |
| 1.8.1 | Metering Procedures | The metering focus group and the SWG are to investigate whether there are data volume delivery constraints because of 5MS or global settlements with the current delivery timeframes.  PCF and PWG to be informed of progress.  Under discussion and will inform PCF and PWG of developments. | David Ripper (AEMO)  ONGOING | 24/08/2018  Ongoing |
| 1.8.2 | Packaging and Prioritising Procedures | AEMO will consider publishing the high-level impact assessments on its website and if so, include a link to each HLIA document on the packaging and prioritising word document.  Will be published on AEMO website as high-level impact assessments are released to PWG. Should appear in next 2-3 weeks. | Emily Brodie (AEMO) | COMPLETE |
| 2.3.1 | Settlements Procedures - Estimations | PWG members to provide feedback on AEMO’s preferred approach to estimation, the high-level impact assessment for the policy, guide and AEMO’s consultation approach | PWG members | COMPLETE |
| 2.3.2 | Settlements Procedures - Estimations | C. Diep to raise at SMWG if additional focus group required and in which format (Action 2.3.2). | Canh Diep (AEMO) | 19/09/2018 |

| **Item** | **Topic** | **Action required** | **Responsible** | **By** |
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| **PWG 3** | | | | |
| 3.3.1 | 5MS Drafting Amendments | The PCF is seeking input from the PWG on the potential 5MS drafting amendments around a bidding data soft cutover, and other areas of the 5MS rule. | PWG members | 31/10/2018 |
| 3.4.1 | Prudentials Procedures | PWG to provide feedback on whether a reduced consultation for the CLP procedure would be appropriate | PWG members | 26/09/2018 |
| 3.4.2 | Prudentials Procedures | PWG to provide feedback on proposed options to update the CLP procedures | PWG members | 26/09/2018 |
| 3.5.1 | General Questions | Investigate the risks and benefits associated with the alignment of the electricity trading day with either the gas trading day or the calendar day. Report back to the Dispatch Focus Grop and PWG. | Gary Eisner (AEMO) | 11/10/2018 |