

Business Case preparation discussion Session 5



For combined Business and Technical Focus group members

- Consultation Update
- Business Case inputs
- Industry costing exercise

21 September 2023



1. Welcome

We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture.

**We pay respect to their Elders
Past and present.**

Agenda

#	Time	Topic	Objective(s)
1	10:00 – 10:05 AM	Welcome	
2	10:05 – 10:15 AM	Consultation update	Confirm forward plan.
3	10:15 – 10:45 AM	Transition roadmap and Business case inputs	Overview for noting.
4	10:45 – 11:30 AM	Industry costing exercise	Open discussion.
	11:30 AM	Session close	

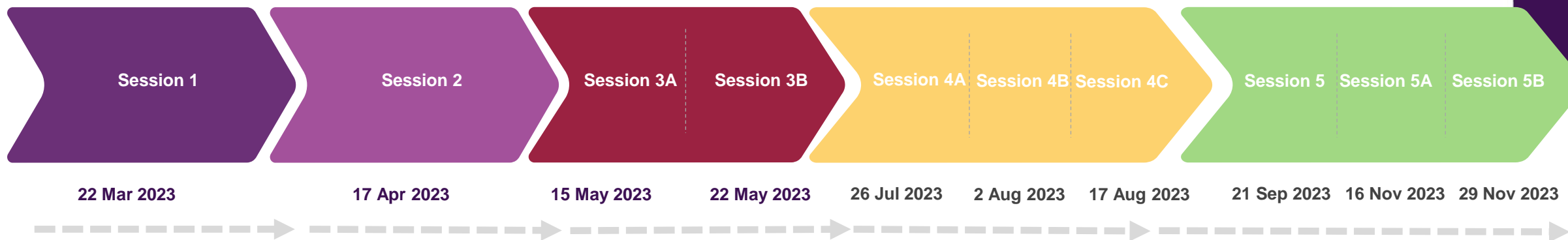
Supporting materials:

- Appendix A: Competition law meeting protocol
- Appendix B: Draft - Considerations in the move from aseXML to JSON

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2. Consultation update

Industry consultation update



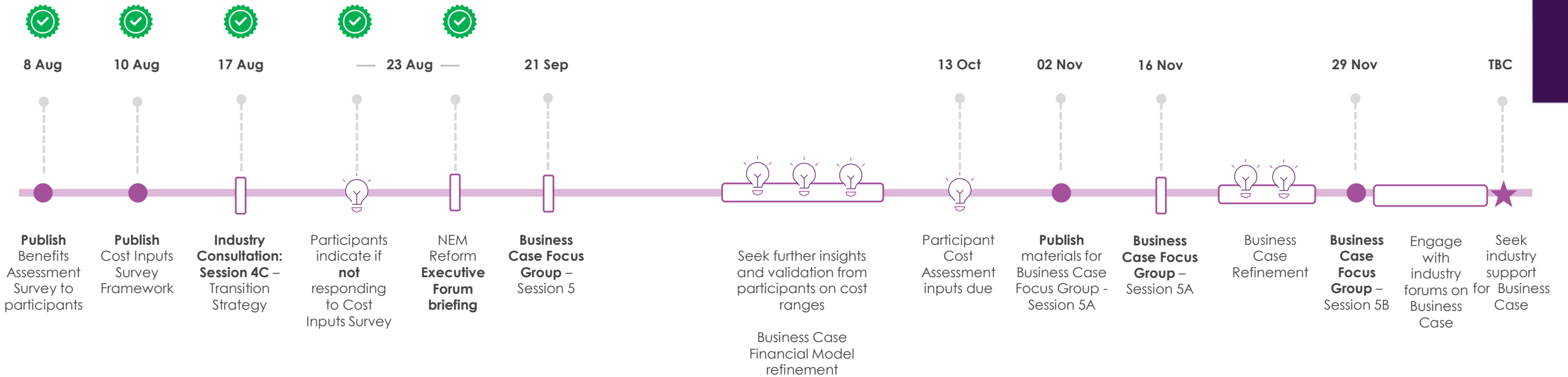
Session	Introduction – IDX, IDAM & PC	Discovery Workshops – IDAM and PC	Target State Discussion	Transition Strategy	Conclusions and Business Case
Agenda	<ul style="list-style-type: none"> Introduce initiatives Outline workshop plan 	<ul style="list-style-type: none"> Pain points and benefits Survey 	<ul style="list-style-type: none"> Concept walkthrough Survey 	<ul style="list-style-type: none"> Transition Strategy Impacts & Benefits Survey 	<ul style="list-style-type: none"> Business case inputs Industry cost Walkthrough of draft business case Assessment and completion

Published information and materials:

Focus Group webpage: <https://aemo.com.au/en/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/nem-reform-foundational-and-strategic-initiatives-focus-group>.

Industry Business Case – Updated Engagement Timeline

Below outlines the updated timeline with the Focus Group for business case inputs.



Legend:

- AEMO publishes materials
- Feedback due
- Forum/workshop
- Engagement with Participants

Actions

#	Topic	Action Description	Raised By	AEMO's update
1	Business case	Ensure industry costs are as representative as possible and that all participants have an opportunity to contribute	Alinta PlusES	Agreed. Update on contributions to date and options going forward covered in section 4 of this pack.
2	Business case	Will AEMO be seeking participant costs (rough/indicative) for the "do nothing" option - particularly for IDX and PC? We would support establishing this view for the business case.	Origin	<p>In addition to addressing end of life technology platforms and new security needs, the energy transition necessitates reforms to existing systems and technologies to support a renewable-driven energy system of the future.</p> <p>The business case will estimate three options. Maintain Status Quo (tactical uplift) Phased Investment (target state) and Phased investment (partial target state – aseXML payload).</p>
3	Business Case	Cost discussion: <ul style="list-style-type: none"> When can we assess the "do nothing" option and retrofitting the IDAM changes into the current state? Benefits and costs. Business case - packaging IDAM, IDX and PC as they are interlinked. Phased investment for industry. When is AEMO gathering the participant cost from industry? Articulate Industry cost for AEMO gateway software 	Origin Ausgrid Vector Metering	<ul style="list-style-type: none"> Noting the above, cost estimates relating to maintain status quo are under assessment. A single business case spanning IDAM, IDX and PC based on the industry defined phased investment is being prepared. Participant costs are currently being collected and will be part of the subject of this workshop. AEMO gateway software development cost will be detailed as part of the implementation cost profile put forward by AEMO.
4	Business Case	Benefits: <ul style="list-style-type: none"> Participants are still required to change to the new IDX at some stage in the future though in whatever method they choose, so I think it is extremely important to justify the benefits, and magnitude of such benefits, of this initiative that is being imposed on all parties. Benefits and costs. - packaging IDAM, IDX and PC as they are interlinked. Phased investment for industry. 	TAS Networks Vector Metering	The business case will assess both costs and benefits of the initiatives, including consideration of legacy services and the establishment of foundational capability for new services. The costs and benefits of new services however will remain the purview of their associated initiatives to ensure there is no double counting of these elements.

3. Transition Roadmap and Business Case Inputs

Process since 17 August workshop

- AEMO shared draft Transition Roadmap and Business case input document on 18 August.
- AEMO has engaged with focus group participants to clarify feedback and support preparation of industry cost estimates.
- To date we have had a significant volume of emails exchanged as well as multiple 1 on 1 conversations held on request across focus group participants.
- The next slides outline a summary of feedback received through these interactions along with AEMO's proposed response.



The draft document was published to the Focus Group on 18 August

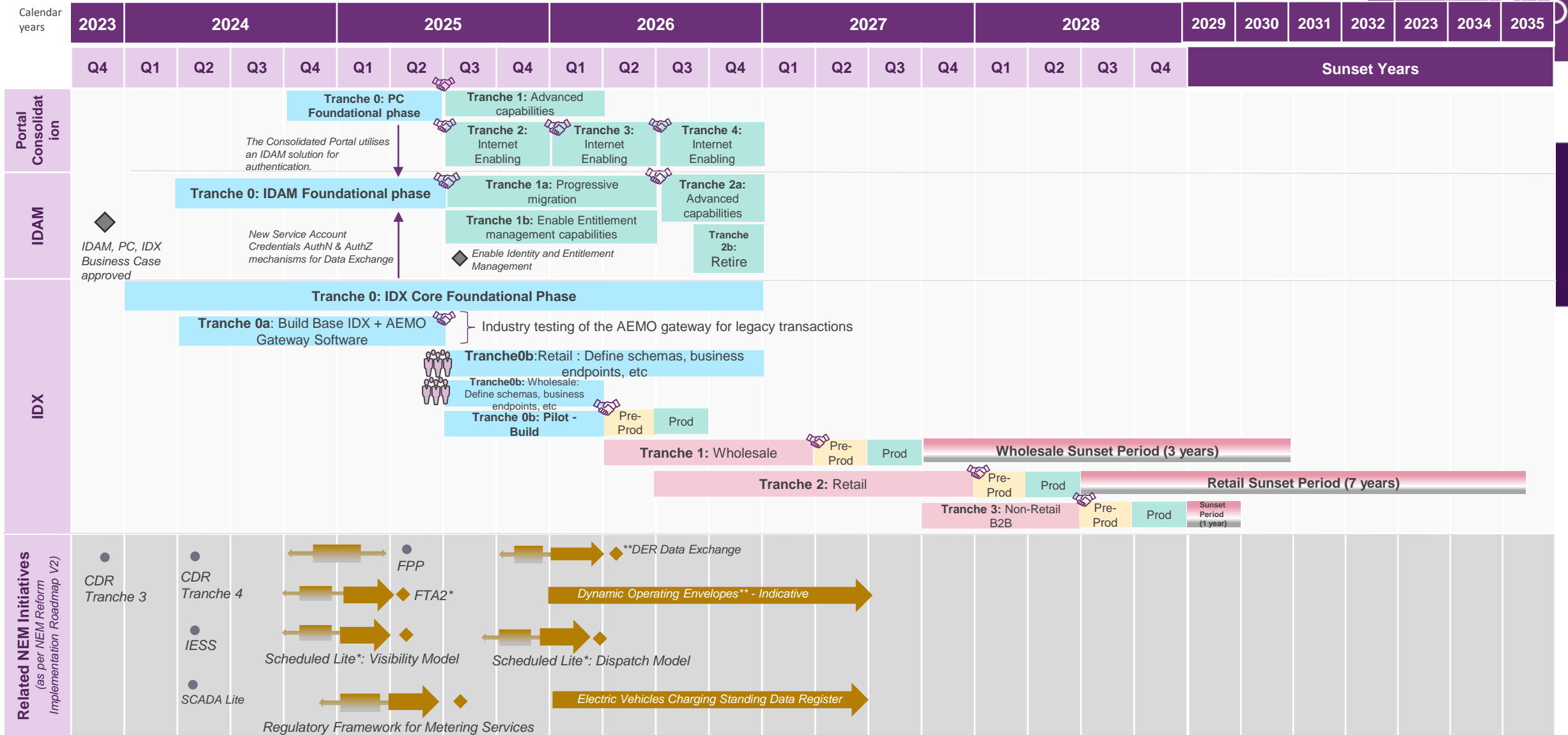
Feedback summary

#	Feedback from participants	AEMO's proposed response
1	Update Transition roadmap to reflect which of the NEM Reform initiatives is likely to be the first candidate for leveraging IDX capability.	Agreed. AEMO to republish Transition Roadmap and Business case input document incorporating an updated roadmap.
2	Clarify the function of the governance process, including managing change throughout a long sunset period and in consideration of congested reform delivery year in 2025.	Agreed. To be addressed in Business case.
3	Clarify rationale for moving from aseXML to JSON, including pain points identified in 2021 consultation and process taken with industry to lock it in.	Agreed. To be addressed in Business case. Inputs to this have been provided in Appendix B of this meeting pack.
4	Provide examples of discrete/adhoc updates made for earlier reforms (key drivers for doing things differently with IDX in particular).	Agreed. To be address in Business case.
5	Clarify how initiatives would leverage the foundational capabilities; scope boundaries between the business case and what will be defined and implemented as part of reform initiatives.	Agreed. AEMO to republish Transition Roadmap and Business case input document incorporating high level assumptions to this effect.
6	Note conditions for participants that operate in multiple markets (NEM and WEM/Gas markets): Some participants have called out a challenge around managing multiple disparate systems across different markets. This is acknowledged as a reflection of the current state and a key driver for assessing the business case for IDAM/IDX/PC.	Agreed. To be noted in Business case - essentially while the technical capabilities of the Target state are intended suitable for all energy markets, this is a NEM Reform initiative and business case. Implementation in other markets is subject to respective markets governance and cost recovery mechanisms. The benefits of any business case are expected to be enhanced for AEMO and participants that participate in multiple markets (e.g. Gas, WEM), if and when the target state is adopted by other energy markets.

Feedback summary continued

#	Feedback from participants	AEMO's proposed response
7	Clarify dependencies and least risk scenario considering the identified implementation congestion in 2025 on the NEM Reform implementation roadmap.	<p>a) For IDX, the current business case process takes in a number of assumptions based on what we know today with the intent of providing a decision making framework to proceed or not proceed with the options put forward. Assuming a decision to proceed we have proposed to establish a Roadmap Governance body to facilitate continuing assessment of industry priorities and timings of the tranches to address opportunities and conflicts in the timeline. To be address in Business case.</p> <p>b) AEMO is monitoring and following up on this through its collaboration with the PCF, including maintaining an industry risk register. At the September PCF meeting the point was made and agreed that more urgent action should be considered and this will be followed up through the PCF.</p> <p>c) From a longer term perspective, AEMO has taken an action through its collaboration with the RDC to provide clarity on the 2025 dependencies, and potential sequencing options as part of an overall prioritisation assessment of those initiatives contributing to congestion within the Program (no later than Q1 2024)</p>
8	Consider how NEM Reform program can support participant awareness/education for technical staff, indicatively both in foundational phase and during participant implementation.	Feedback has been taken on board and is under consideration.

Consolidated Strawman Roadmap (in collaboration with the Industry)



Foundational Tranches - based on the assumed timeline
IDX Tranche Build
🤝 Industry Testing
 ⬇️ T3A Milestone
 ♦️ **New Service
 👥 Working group
 ● Committed effective date
 ♦️ Estimated effective date
 ➡️ Industry testing and trials

Timelines for the related NEM Reforms have been taken from V2 of NEM Reform Implementation Roadmap

* Indicative timeline likely to be pushed out from what is assumed within V2 NEM Reform Roadmap

4. Industry costing exercise

Industry costing – for discussion

- AEMO published the Cost Inputs Survey Framework on 10 August and republished an updated costing template on 18 August.
- As of 18 September we have received inputs from Retail, Distribution and Metering as follows:
 - Five detailed industry cost estimates
 - Three high level estimates
- Multiple participants have expressed interest in costing the two additional options:
 - Maintain Status Quo – essentially tactical uplift of existing capability
 - Phased investment with partial target state – retaining aseXML for legacy services

For discussion with the Focus Group:

In the interest of putting forward a sufficiently representative view in the business case;

- Given the extended timeline, are participants open to costing the additional options?
- How should costs be estimated for participants who are unable to make a submission?

Thank you!



See you next at Session 5B, Thursday 16 November



NEMReform@aemo.com.au



[AEMO | NEM Reform Foundational & Strategic Initiatives Focus Group](#)





For more information visit

aemo.com.au

Appendix A

AEMO Competition Law - Meeting Protocol



AEMO Competition Law - Meeting Protocol

AEMO is committed to complying with all applicable laws, including the Competition and Consumer Act 2010 (CCA). In any dealings with AEMO, all participants agree to adhere to the CCA at all times and to comply with appropriate protocols where required to do so.

AEMO has developed meeting protocols to support compliance with the CCA in working groups and other forums with energy stakeholders. Before attending, participants should confirm the application of the appropriate meeting protocol.

Please visit: <https://aemo.com.au/en/consultations/industry-forums-and-working-groups>

Appendix B

Considerations in the move from aseXML to JSON



aseXML pain points & JSON considerations

Findings from the 2021 Pain points assessment have been incorporated into the development of target state design workshopped with industry and further updated to incorporate feedback from 2023 consultations.

- aseXML schema operates as a single structure, a consequence of this is a change to ‘any’ transaction requires a full schema update. This results in:
 - All participants being forced to make implement schema (noting n-1 only partially mitigates this), even if their market role doesn’t support the transaction
 - Increased regression testing as the updated schema applies to all transaction rather than being targeted
 - A decrease in market agility – due to the above the impacts of change create resistance in the market and require additional time to complete such changes
- Having grown organically, the aseXML schema models have inconsistencies across energy markets. We don’t currently have a pathway to standardisation. This means:
 - AEMO platforms are required to support differences across energy markets, limiting consolidation opportunities / adding complexity to consolidation opportunities
 - Participants who span markets likewise face the same issue
- aseXML was established now over 20 years ago as an Australian energy market approach to data exchange; we are the only industry and country leveraging this payload structure. This means:
 - We are unable to leverage the investment of other industries/countries in extending the framework and capability
 - Any improvements to the structure are driven solely by local investment
- We already have JSON payloads operating in the electricity market; keeping aseXML doesn’t negate the existence and need to invest in JSON as a payload
- Being an Australian only payload model there has been resistance from back-end platform providers to add Australian localisation capability to their solutions for participants. JSON has significantly greater uptake across the globe and across other industries and has been indicated as being more commonly an ‘out of the box’ capability for these platforms. This means:
 - Remaining on aseXML may continue to limit the market for Australian localised market interaction capable platforms
 - Customisation requirements to meet our custom format will continue to drive increased platform costs for participants.
- aseXML as a framework has not been identified as appropriate for new market services. This means:
 - Retaining aseXML for legacy services will require continued investment into parallel payload technologies for AEMO and participants.