

Forum meeting record - Reform Delivery Committee (RDC)

Forum:	Reform Delivery Committee meeting 6
Date:	20 July 2022
Time:	1.00-3.00 PM AEST
Location:	MS Teams

Attendees

Name	Company	Representing
Violette Mouchaileh (Chair)	Australian Energy Market Operator (AEMO)	AEMO
Andrew Pirie	Australian Energy Market Commission	AEMC (alternate for Mr Bradley)
Mark Feather	Australian Energy Regulator (AER)	AER
Jo Witters	Energy Security Board (ESB)	ESB
Shaun Cole	Origin Energy	Australian Energy Council (AEC) (alternate for Mr Stuart)
Michael Bell	Red Energy/Lumo Energy	AEC
Stefanie Monaco	Red Energy/Lumo Energy	AEC
Liz Gharghori	AGL Energy	AEC
Dor Son Tan	Energy Networks Australia (ENA)	ENA
Dominic Adams	ENA	ENA
Greg Hannan	CitiPower/Powercor/United Energy	ENA
Craig Memery	Public Interest Advocacy Centre (PIAC)	PIAC

Apologies

Name	Company	Representing
Tony Chappel	AEMO	AEMO
Nevenka Codevelle	AEMO	AEMO
Michael Bradley	AEMC	AEMC
Fergus Stuart	Origin Energy	Australian Energy Council (AEC)
Declan Kelly	Flow Power	Energy Efficiency Council (EEC)
Craig Chambers	Engevity	Clean Energy Council (CEC)
Brian Spak	Energy Consumers Australia (ECA)	ECA

Guests

Name	Company	Representing
Jessica Curtis	AEMC	AEMC
Kevin Ly	AEMO	AEMO
Peter Carruthers	AEMO	AEMO
Lance Brooks	AEMO	AEMO
Trent Morrow	AEMO	AEMO
Chris Muffet	AEMO	AEMO
Ulrika Lindholm	AEMO	AEMO
Kate Reid	AEMO	AEMO
Phil Hayes	AEMO	AEMO

1 Welcome

Ms Mouchaileh, AEMO's Executive General Manager Reform Delivery, gave an acknowledgement of country and welcomed the members and guests to the meeting. New member representing the AEC, Liz Gharghori from AGL Energy, was welcomed to the Committee. Ms Mouchaileh outlined the meeting's agenda.

2 Review of Actions Items from previous meeting

Mr Carruthers reviewed the Action Items from Meeting 5 [Refer to slide 6 of the accompanying slide pack].

No questions or feedback was received on the notes and actions from Meeting 4 and the minutes will be finalised and published on the RDC webpage.

Action: In progress items will be brought forward to be addressed at the next meeting.

3 Business case

Prior to this meeting, Committee members had reviewed and submitted feedback on AEMO's initial business case for the NEM2025 program. Mr Carruthers outlined key themes from stakeholder feedback and how AEMO proposes to incorporate stakeholder input into the business case and governance processes for the NEM2025 program implementation.

3.1 Governance

When discussing the change management and impact assessment process, Committee members asked how AEMO will assess what is a material change and how the differences in impact to AEMO and industry would be taken into consideration. Mr Carruthers proposed that AEMO will bring all changes to timing and scope of initiatives to the Committee, with an initial assessment of whether material or not material. The RDC would then have input to the assessment of materiality from an industry perspective.

Further to the discussion on timing, Committee members commented that a discussion should be held on flexibility on regulatory dates. Mr Pirie (AEMC) outlined the issues related to flexible rule change start dates for the AEMC, AEMO and industry, and suggested solutions. Committee members commented that a further discussion should be held on regulatory start dates. Ms Mouchaileh acknowledged that there is an outstanding action for the market bodies to discuss and to come back to the RDC for an in-depth discussion.

Mr Carruthers then outlined AEMO's proposed Stage Gate processes to manage effective mobilisation and delivery of mandatory reform initiatives. A separate process for cost/benefit assessment and industry consultation on AEMO's strategic/pre-requisite initiatives was also covered.

Committee members enquired how cost estimates in the business case informs the reform policy process and Ms Mouchaileh noted that there are two separate processes; one is order of magnitude costs that inform policy decisions and the other is cost of mobilisation. The business case represents known AEMO costs for implementation of all reform initiatives within the determined scope. The business case estimates can inform the AEMC's process, and improves in accuracy as AEMO learns more through the process for mobilisation.

In response to questions regarding how implementation funding is managed, Mr Carruthers added that AEMO expects to cost up initiatives that are in each Stage gate and manage the actuals against that draw down commitment under established formal AEMO governance processes such as the AEMO board, investment committee and a risk and audit committee. Ms Mouchaileh further noted that the capital program for reform implementation is currently raised through debt. AEMO recover those costs through depreciation and its fees.

Determining who pays will be established through a separate process, the second stage of the NEM Declared Project Consultation, and AEMO also engages on its budget and fees via the Financial Consultation Committee¹.

Mr Memery asked how AEMO planned to manage the incorporating Committee feedback when a consensus was not reached. Mr Carruthers confirmed that AEMO would note the different views held by members.

Action: AEMO to define the criteria for materiality of changes for (timing, scope, and cost) to feed into process for Managing Change and New Initiatives

Action: Ms Mouchaileh to contact Mr Memery regarding enquiry on Wholesale Demand Response.

3.2 Business case feedback

Mr Brooks walked through the key themes in the feedback from Committee members on the business case. The feedback categories covered were cost estimates, deliverability risk, other reforms such as Capacity Mechanism and Congestion Management and clarification regarding AEMO's legacy system.

Committee members asked when AEMO is looking to engage on the replacement of legacy system. AEMO took an action to advise on the timeline.

Action: AEMO to advise the Committee on timeline for engagement on review of AEMO legacy systems.

3.3 Pathway recommendation

Mr Carruthers facilitated a discussion on AEMO's implementation pathway recommendation and asked for the Committee's endorsement of the adoption of the Hybrid Pathway as a baseline plan for the implementation of NEM2025 initiatives, supported by a:

- change management process to manage and advise on impacts of new initiatives being added to the reform scope or changes in scope/timing of existing proposed initiatives
- stage gate approach which includes a cost/benefit analysis and industry consultation for AEMO strategic/foundation initiatives
- progressive investment commitment process and draw down of funds that will be informed by Regulatory Determinations and the Stage Gate process.

Committee members expressed provisional support of the approach but requested additional time to engage more broadly with constituents and come back to the Committee with feedback.

Post meeting note: AEMO took an action to add additional detail to the request for endorsement. This was actioned and issued to the Committee on the day after the meeting (21 July)

Action: Committee members to give feedback on the adoption of the Hybrid Pathway, with necessary stage gate approvals, as the basis for the NEM2025 Implementation Roadmap V2 by 29 July.

6 Other business

Ms Mouchaileh noted that in the interest of time, the remainder of agenda items would be carried over to the August RDC meeting.

¹ Financial Consultation Committee consultations can be accessed at: <https://aemo.com.au/en/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/financial-consultation-committee>

Committee members proposed to discuss the terms of reference for the Committee as well as industry representation at the next meeting.

Action: AEMO to table Terms of Reference and industry representation at the August RDC meeting.

Actions

Item #	Action	Responsibility	Due Date
6.1	Continuation of 5.1. AEMO to investigate alternative roadmap formats	AEMO	TBC
6.2	Continuation of 5.3. Consider strategic issues in regulatory planning including regulatory change control process	AEMO, AEMC, ESB, AER	Aug RDC meeting
6.3	Continuation of 5.4. AEMO to discuss Roadmap interactions with reform implementation requirements from the NSW Roadmap with AEMO Services	AEMO	Aug RDC meeting
6.4	AEMO to define the criteria for materiality of changes for (timing, scope, and cost) to feed into process for Managing Change and New Initiatives	AEMO	Aug RDC meeting
6.5	Ms Mouchaileh and Mr Memery to discuss changes to Wholesale Demand Response	AEMO and PIAC	By Aug RDC meeting
6.6	AEMO to advise the Committee on timeline for engagement on review of AEMO legacy systems	AEMO	Aug RDC meeting
6.7	Committee members to give feedback on the adoption of the Hybrid Pathway, with necessary stage gate approvals, as the basis for the NEM2025 Implementation Roadmap V2	Committee members	29 July 2022
6.8	AEMO to table Terms of Reference and industry representation at August RDC meeting	AEMO	Aug RDC meeting