

Forum meeting record – Reform Delivery Committee (RDC) #7

Forum:	Reform Delivery Committee #7
Date:	22 August 2022
Time:	1:00PM – 3:00PM AEST
Location:	Via Microsoft Teams

Attendees:

Name	Company	Representing
Violette Mouchaileh	AEMO (Chair)	AEMO
Fergus Stuart	Origin Energy	Australian Energy Council (AEC)
Geoff Hargreaves	Red Energy	(AEC)
Liz Gharghori	AGL	(AEC)
Michael Bell	Red Energy/Lumo Energy	(AEC)
Andrew Pirie	Australian Energy Market Commission (AEMC)	(AEMC)
Michael Bradley	Australian Energy Market Commission (AEMC)	(AEMC)
Mark Feather	Australian Energy Regulator (AER)	(AER)
Dor Son Tan	Energy Networks Australia (ENA)	(ENA)
Greg Hannan	CitiPower/Powercor/United Energy	(ENA)
Craig Memery	Public Interest Advocacy Centre (PIAC)	(PIAC)

Guests:

Name	Company	Representing
Lily Mitchell	Australian Energy Market Commission (AEMC)	(AEMC)
Kate Reid	AEMO	AEMO
Lance Brooks	AEMO	AEMO
Lenard Bayne	AEMO	AEMO
Peter Carruthers	AEMO	AEMO
Phil Hayes	AEMO	AEMO
Trent Morrow	AEMO	AEMO
Ulrika Lindholm	AEMO	AEMO

Apologies:

Name	Company	Representing
Stephanie Monaco	Red Energy/Lumo Energy	AEC
Nevenka Codevelle	AEMO	AEMO
Brian Spak	Energy Consumers Australia (ECA)	ECA
Dominic Adams	Energy Networks Australia (ENA)	ENA
Declan Kelly	Flow Power	Energy Efficiency Council (EEC)
Jo Witters	Energy Security Board (ESB)	ESB
Craig Chambers	Engevity	Clean Energy Council (CEC)

1 Welcome

Ms Mouchaileh, AEMO's Executive General Manager for Reform Delivery, gave an acknowledgement of country and welcomed members and guests to the meeting. Ms Mouchaileh provided a brief overview of the agenda items and meeting objectives.

2 Review of Action Items from previous meeting

Mr Carruthers reviewed the Actions Items from the RDC Meeting #6. Feedback was received from Mr Stuart, in relation to item 6.4 and noted a need to have sufficient redundancy in the timeline to accommodate an impact of two months and to meet regulatory deadlines. Mr Carruthers acknowledged Mr Stuart's feedback and advised that this would be included as a caveat when defining the criteria for materiality when managing changes and new initiatives.

RDC Meeting #6 minutes was finalised and will be published on the AEMO's RDC webpage.

3 Roadmap

Mr Brooks provided a recap from the previous RDC meeting seeking support from members to adopt the Hybrid Pathway for the implementation of the NEM2025 initiatives. AEMO further consulted with retailer, generator and network reps following the previous RDC meeting, with support received for the hybrid pathway proposal. Noting that support was provided on the provision that it was not a funding commitment and that AEMO would need to ensure appropriate governance arrangements were set in place such as the change management and stage gate processes.

Mr Brooks advised that the hybrid pathway has been reflected in the roadmap with the intent to publish this version by the end of August 2022. In addition, further dialogue was required with regards to setting 'Go Live' dates and would be discussed as part of agenda item 5. AEMO intends to stand up a Roadmap forum on 8 September to brief industry on the roadmap and supporting processes, stakeholder engagement and governance.

The Business Case will also be published with the Roadmap. Mr Carruthers advised that the Business Case had undergone internal AEMO review, with some changes to capex (reduced by ~\$20m) and Opex (increased by ~\$2m pa) identified since the RDC last saw the Business Case.

Ms Mouchaileh noted that with the program of work that has been delivered over the past 6 – 12 months it warranted a checkpoint of the RDC. A review of the RDC Terms of Reference is covered under agenda item 7. It is also an appropriate time to review whether any refinements are required to RDC membership.

4 Roadmap issues

Mr Morrow provided a brief on the Integrated Energy Storage System (IESS) and flexible trading arrangements (FTA) and how this would be incorporated into the NEM2025 roadmap. The delivery date for the FTA is currently set in the Roadmap for the middle of 2024 which will coincide with the IECC rule implementation.

Mr Carruthers advised that during the review of the participant impact assessment for the roadmap, feedback from network businesses and retailers was that the FTA 2 would have a significant impact on those businesses. AEMO has taken this feedback onboard and had a closer look at opportunities of bundling from a delivery efficiency point of view and recommendations for an appropriate rule effective date. The strategy

identified by AEMO will enable a technical go-live date to be established, but with the changes to be dormant until a subsequent effective go-live date. This approach provides opportunity for bundling for efficiency purposes, but flexibility in setting a rules effective date. These opportunities will be considered in the AEMC rule making process.

Mr Stuart queried whether FTA 2 has dependencies with the future state architecture. AEMO advised that some dependencies are expected post Go-Live, particularly regarding long term data growth, and is an area that AEMO is intending to give more thought to when identifying Future State Architecture opportunities.

4.1 Frequency Performance Payments (part of PFR Incentive Arrangements rule)

Mr Brooks advised there has been a slight delay to the timing of the Frequency Performance Payments (FPP) rule. It was noted that the AEMC will publish their final determination on 8 September 2022. From an implementation perspective, an operational trial will commence in November 2024 followed by a rule effective ‘Go Live’ date beginning in May 2025.

AEMO advised that a high-level assessment was conducted and concluded that the changes to the rules determination timing had a little or no impact to implementation timings. ‘Go Live’ date for FPP would remain as a standalone release.

5 Strategic issues

5.1 Flexibility in ‘go-live’ dates

Ms Mouchaileh advised that discussions between the AEMO and AEMC have taken place in relation to the roadmap change management process and how to set informed ‘Go Live’ dates as part of standard regulatory processes.

Mr Bradley outlined the rule maker’s view on opportunities and constraints in setting rule go-live dates. The AEMC expressed that there was an ongoing need to work with AEMO and industry participants to set informed implementation dates as part of existing rule making processes and encouraged RDC members to provide suggestions for improvement.

The RDC discussed alternative approaches to, and the appropriate time for, setting an informed Go Live date. It was discussed whether that was done after a final determination or between draft and final determinations stage and use the RDC processes to engage with industry on the timing. Ms Mouchaileh indicated that AEMO is open to working with the RDC on testing pragmatic approaches.

Mr Stuart added that a greater understanding of the technology impacts to participants would assist industry participants when working towards informing the final determination date and noted AEMO’s procedural work is often a trigger for industry to start implementing changes.

Action: AEMO and AEMC to outline a proposed process involving industry impact assessments that could assist when setting informed “Go Live” dates. AEMO to circulate to RDC members for comment.

5.2 Transitional obligations

Mr Carruthers outlined that AEMO has observed that within the larger reform initiatives, the implementation process requires significant collaboration and coordination between AEMO and industry on the transition plan to enable the reform to be effective on the appointed date. Generally, there will be elements of these

transition plans that if not implemented effectively by an industry participant this can impact the reform's "Go Live" date and compromise the integrity of market outcomes.

Mr Carruthers outlined that AEMO had identified some circumstances where making these transitional obligations mandatory on an industry participant could assist with meeting a "Go Live" date successfully. Mr Carruthers suggested options included embedding obligations on as part of the rules or via AEMO procedures.

The RDC discussed the type of initiatives and circumstances where transitional obligations would be useful.

Action: AEMO to propose addition of transitional obligations assessment to RDC processes, which would evaluate a particular reform to determine if a transitional plan is required and to what extent.

5.3 Integrated design approach

Mr Morrow provided an overview of the integrated design approach where it was identified that some policies had a lot of interactions and the most efficient delivery solution for reforms would be to have an integrated approach to that delivery. In addition, Mr Morrow added that there would need to be consideration about the solution earlier in the process before decisions were made.

Action: AEMO to add on the RDC forward plan a strategic discussion around the proposed integrated design approach.

6 Stage Gate 1

Mr Carruthers advised the IESS and FFR, MT PASA and FPP all have final determinations or shortly will and will be move towards execution stage. These items will be bundled into Stage Gate 1.

6.1 Stage Gate 1 status update

Mr Carruthers advised of the next steps regarding the overall program coordination and in particular the MT-PASA, IESS and FFR program of work and advised that they will be managed through the PCF (Program Consultative Forum) and associated industry working groups.

In addition, the Dispatch Tactical Uplift initiative was discussed.

7 Mobilising the NEM2025 Engagement Framework

Ms Lindholm provided a brief on the proposed changes to the RDC Terms of Reference including:

- Amending the purpose statement
- Representation of metering service providers
- Amend the RDC cadence to two sessions per quarter.

Action: RDC members to review proposed changes to Terms of Reference and representation outlined in Appendix A of the RDC meeting #6 pack and provide feedback by 9 September

Ms Reid provided a brief on the proposed plan to initiate the Executive Forum and PCF and outlined the ToR for each forum. Ms Reid advised that the next steps was to send invites to stakeholders for the first meeting on the 8 September 2022 followed by the Executive Forum scheduled for October 2022.

Action: RDC members to provide feedback on Executive Forum and PCF ToR by 9 September.

8 Other business

No other business was raised by the Committee.

9 Thanks and close

Ms Mouchaileh indicated that the next RDC meeting will be in October/November as part of the new quarterly cadence. Members were thanked for their representation and attendance at the meeting.

Actions

Item #	Action	Responsibility	Due Date
7.1	AEMO and AEMC to outline a proposed process involving industry impact assessments that could assist when setting informed “Go Live” dates. AEMO to circulate to RDC members for comment.	AEMC, AEMO	Next RDC meeting
7.2	AEMO to propose addition of transitional obligations assessment to RDC processes, which would evaluate a particular reform to determine if a transitional plan is required and to what extent.	AEMO	Next RDC meeting
7.3	AEMO to add on the RDC forward plan a strategic discussion around the proposed integrated design approach.	AEMO	Forward plan to be tabled at next RDC meeting
7.4	RDC members to review proposed changes to Terms of Reference and representation outlined in Appendix A of the RDC meeting #6 pack and provide feedback by 9 September	RDC & AEMO	9 September
7.5	RDC members to provide feedback on Executive Forum and PCF ToR by 9 September.	RDC	9 September