Reform Delivery Committee

August 2022

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, present and emerging.

Agenda

#	Time	Topic	Presenter(s)
1	5 min	**Welcome**	Violette Mouchaileh (AEMO)
2	5 min	**Review of action items**	Peter Carruthers (AEMO)
3	10 min	**Roadmap** - 3.1 Roadmap release - 3.2 Next steps	Lance Brooks (AEMO)
4	10 min	**Roadmap issues** - 4.1 IESS and FTA Model 2 - 4.2 PFR Incentive Arrangements	Trent Morrow (AEMO) Lance Brooks (AEMO)
5	60 min	**Strategic issues** - 5.1 Flexibility in 'go-live' dates - 5.2 Transitional obligations - 5.3 Integrated design approach	Trent Morrow (AEMO)
6	10 min	**Stage Gate 1** - 6.1 Stage Gate 1 status update	Peter Carruthers (AEMO)
7	10 min	**Mobilising the NEM2025 Engagement Framework**	Ulrika Lindholm (AEMO) Kate Reid (AEMO)
8	5 min	**Other business**	Violette Mouchaileh (AEMO)
9	5 min	**Thanks and close**	Violette Mouchaileh (AEMO)

Appendix A: RDC Check point – Response to RDC Feedback on its objectives, ways of working and representation

Please note that this meeting will be recorded for the purpose of compiling minutes.

2. Review of Action Items

Action Items from prior meetings & workshops

Item #	Action	Responsibility	Due Date	Notes
6.1	Continuation of 5.1. AEMO to investigate alternative roadmap formats	AEMO	TBC	On hold pending establishment of AEMO NEM2025 PMO
6.2	Continuation of 5.3. Consider strategic issues in regulatory planning including regulatory change control process	AEMO, AEMC, ESB, AER	Aug RDC meeting	Closed. To be discussed under agenda item 5
6.3	Continuation of 5.4. AEMO to discuss Roadmap interactions with reform implementation requirements from the NSW Roadmap with AEMO Services	AEMO	Closed	Closed. Discussion held and no new impacts identified. Keeping a watching brief
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	Closed. Timeline impact of 2 months or more and/or change in scope impacting overall complexity rating
6.5	Ms Mouchaileh and Mr Memery to discuss changes to Wholesale Demand Response	AEMO and PIAC	By Aug RDC meeting	Closed. Discussion scheduled for 19 Aug
6.6	AEMO to advise the Committee on timeline for engagement on review of AEMO legacy systems and future state architecture	AEMO	Aug RDC meeting	Closed. To be discussed under agenda item 3
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	Closed. Feedback received from Retailer/Generator and Networks reps indicating support
6.8	AEMO to table Terms of Reference and industry representation at August RDC meeting	AEMO	Aug RDC meeting	Closed. To be discussed under agenda item 7

3. Roadmap

Recap – The request of the RDC

- That the RDC support **the adoption of the Hybrid Pathway as a baseline plan for the implementation of NEM2025 initiatives** which will be 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

What we heard

In response to this suggestion AEMO have developed the "**NEM2025 Implementation Roadmap Governance – Statement of Approach**"

- ENA support a hybrid pathway noting:
  - This is not a funding commitment or approval of the draft business case
  - The batching approach to reforms now has more flexibility built in, including: A change management process and stage gate process
  - Governance arrangements supporting the roadmap should be compiled into a single reference document

- AEC support a hybrid pathway noting:
  - The governance arrangements under the change management and stage gate process provide for an appropriate level of engagement / consultation with the industry
  - Further discussion is required on changes to process when selecting a date for reform commencement under the NER (to be discussed in the next section)

- Consumer representatives (PIAC) indicated support verbally at the July 2022 RDC meeting.

- No preference indicated by EEC/CEC reps.

Outcome: A hybrid pathway has been reflected in Version 2 NEM2025 Implementation Roadmap

Publication process and plan for Q3-Q4

AUG 2022

- *RDC mthly meeting (today)*
- Release updated Business Case and consolidated Implementation Roadmap to industry stakeholders
- Call for PCF nominations

SEP 2022

- *RDC meeting to be confirmed – aiming for quarterly cadence*
- Feedback from the RDC on revised ToR (by 26 Aug)
- RDC renominations and new nominations under the new ToR. (by 2 Sep)
- Brief industry and consumer groups
  - Conduct Regulatory Implementation Roadmap forum to review consolidated roadmap (~1 Sep)
  - AEMO Consumer Forum (15 Sep)
  - NEM2025 Program launch comms
- First PCF meeting (21 Sep)
  - AEMO Future State Architecture
  - NEM2025 program establishment

OCT 2022

- *RDC meeting to be confirmed – aiming for quarterly cadence*
- Monthly PCF
- Information session (targeting those not directly involved) (~5 Oct)
- First Executive Forum (12 Oct)
  - AEMO Future State Architecture
  - NEM2025 program establishment
- Change management process: Quarterly RDC Collaborative workshop (tentative end of October)

BEYOND

- *RDC meeting (face 2 face in Melbourne)*
- NEM2025 Program Comms update
- Monthly PCF

Watching brief on CM/CMM policy developments for Stage Gate approvals

4. Roadmap issues

IESS & FTA Model 2

Key

- Policy development and design
- Initiation, including high-level pre-execution design
- Committed solution delivery
- Proof of concept trial
- Detailed pre-execution design
- Indicative Solution delivery
- Rules development
- AEMO process mapping and optimisation
- Industry testing and trials
- AEMO scoping process
- AEMO Procedure/Guideline development
- Production roll Out
- Committed effective date
- Proposed effective date
- Estimated effective date
- Stage gate checkpoint
- Grouped release

Updates / Callouts

- Initiative updated since last version
- Initiatives will be delivered incrementally
- An effective date for transition to target stage for the NEM that will be determined in collaboration with Participants

NEM2025 Reform Pathways

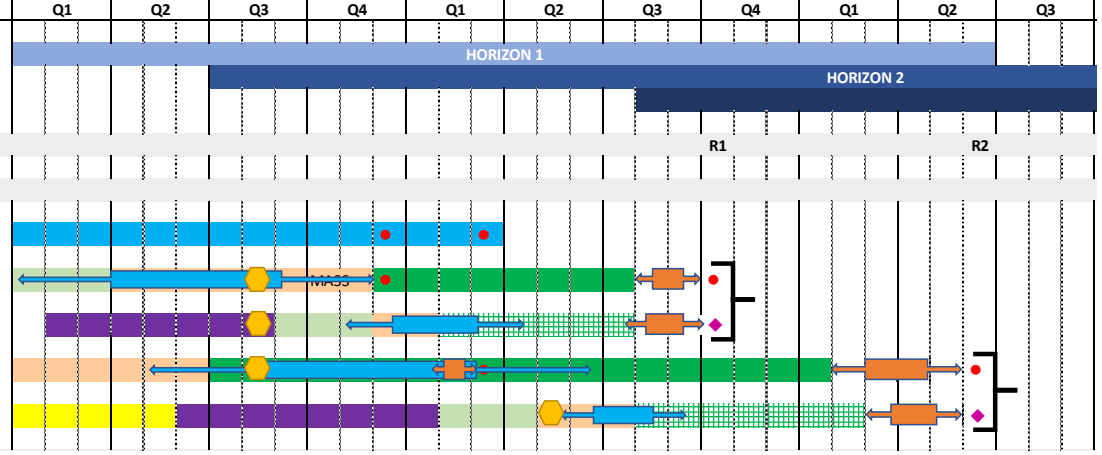
- Resource Adequacy Mechanisms and Ageing Thermal Generation
- Integration of DER and Flexible Demand
- Essential System Services, Scheduling and Ahead Mechanisms
- Transmission and Access
- Data Strategy
- AEMO Strategic / Foundational Pre-requisite
- NEM2025 Program dependency

NEM2025 Dependency Types

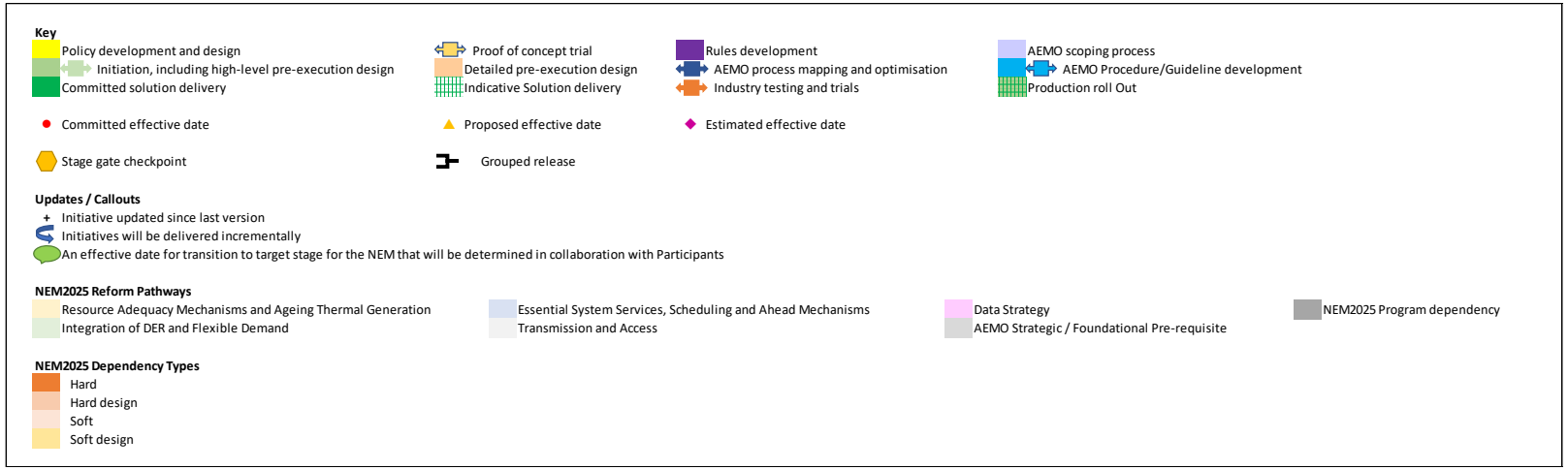
- Hard
- Hard design
- Soft
- Soft design

NEM2025 IMPLEMENTATION ROADMAP

Impacted Sector	Reform Status	Reform Initiative	Code	Dependencies			
RELEASE No.							
PHASE 1 - NEM2025 REFORM INITIATIVES							
Network	Committed	Efficient management of system strength on the power system					
Wholesale	Committed	Frequency control - Fast Frequency Response	FFR	ODMT	DSTM	IES	
Wholesale	In progress	Increased MT PASA information	MTP				
Wholesale	Committed	Integrating Energy Storage	IES	STP	DSTM		
Retail	In progress	Flexible trading arrangements model 2	FTA2	FRC	IDX		

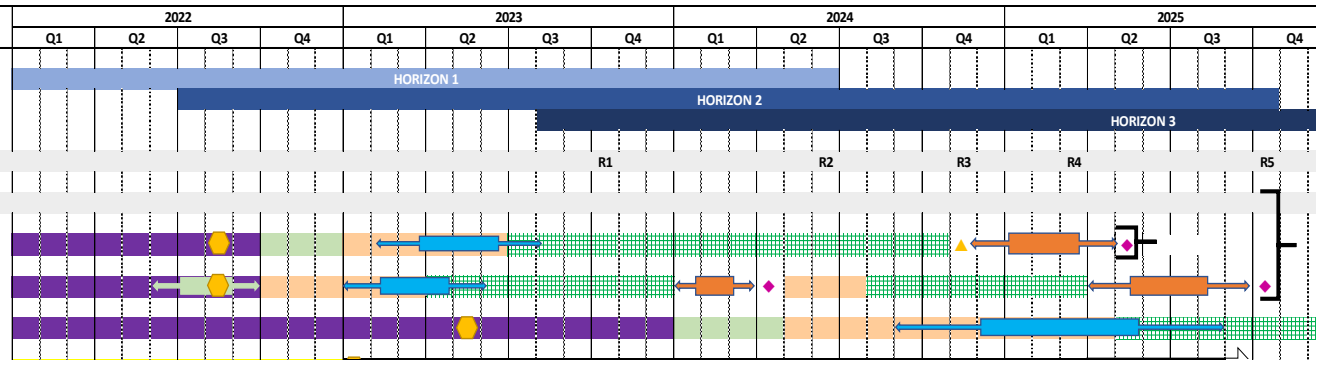


Frequency Performance Payments (part of PFR-IA)



NEM2025 IMPLEMENTATION ROADMAP

Impacted Sector	Reform Status	Reform Initiative	Code	Dependencies			
RELEASE No.							
PHASE 3 - NEM2025 REFORM INITIATIVES							
Wholesale	In progress	Frequency Performance Payments (part of PFR Incentive Arrangements rule)	FPP	IES			
Wholesale	In progress	Operational Security Mechanism	OSM	ODMT			
Wholesale	In progress	Operating Reserves Market	ORM	FPU	ODMT		



5. Strategic issues

Setting an informed ‘go live’ date

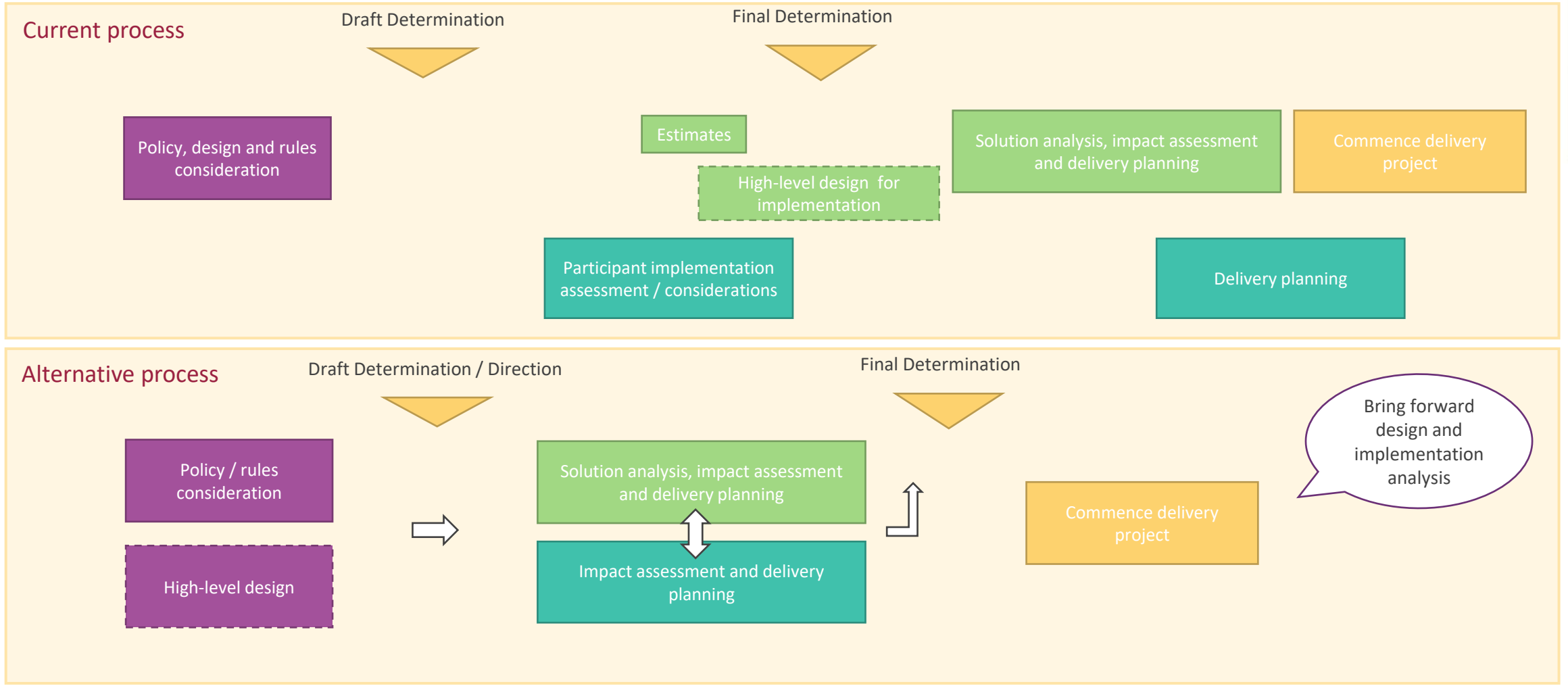
What’s the issue?

- A key objective of the NEM2025 Implementation Roadmap process is to help inform Rule go-live dates, that take account of:
  - Reasonable implementation timeframes, to ensure effective delivery of the reforms and the associated consumer benefit
  - Opportunities for bundling, sequencing and prioritisation to deliver efficient outcomes
- A variety of ideas in relation to setting Rules go-live dates have been raised in conversations, with a trade-off between flexibility, certainty and timelines often a key factor
- This session is to explore the issue and options more carefully
- Agenda:
  - AEMC perspectives
  - AEMO views
  - Stakeholder views
  - General discussion

Feedback on key requirements

- Ways of working may need to adapt.
- Impact assessment requested by participants to help inform implementation timeframe assessments:
  - Technology: AEMO Market systems, data model, schema definition
  - Procedures: Extent and timing of Procedure impact assessment
- Opportunities for bundling of initiatives.
- Deliverability: scheduling the work in conjunction with the other work already in flight.

Setting an informed 'go live' date



Setting enforceable transitional obligations

What's the issue?

- Implementation of a large reform initiative requires all parties (AEMO and participants) working towards the same objective / timing
- At times, progress by AEMO, a participant or participant category requires a transition plan or transition steps which are a critical dependency to meeting the reform objective or timing
- The Transition Plan (where required) is typically agreed among stakeholders upfront as part of the wider program plan setting the path for implementation
- At the same time, the obligation to meet the transition obligations is not always enforceable under the rules beyond meeting the overall objective / go-live date
- Failure by AEMO, a participant or participant category to meet the transition plan can impact on the successful go-live of the reform

Potential options

- *Rules* – Additional transitional obligations around key dates and requirements when implementing an initiative could be drafted into the Rules in making a Final Determination
  - This would require clear and upfront planning around delivery ahead of the final determination
- *Procedure* – Similarly, such dates could be captured in an AEMO procedure underpinning implementation planning
- *Other?*

Do committee members consider this an issue?

If yes, what is the appropriate strategy to address this issue?

Integrated design approach

What's the issue?

- The total volume of work to deliver the Post-2025 reforms (including foundational technology architecture and frameworks) may necessitate alternative ways of working in order for:
  - The reforms to be delivered in a timely and efficient manner; and
  - Market participants to benefit from individual reform initiatives sooner rather than later

Key requirements for this to work

- Integrated approach to policy and design development.
- Integrated teams across design, rules and solution / systems development.
- Key elements of policy/rules work to potentially be brought forward / expedited (subject to initiatives in question)
- Agreement among market bodies on critical assumptions / design elements

An ***Integrated Design Approach*** could be leveraged for those initiatives with key relationships or dependencies. This approach would provide for:

- An integrated up-front design process across multiple initiatives
- A single development process to be undertaken with phased implementation (as opposed to single integrated release) improving efficiency and reducing risk
- De-coupled testing and industry release
- Production of Rules, Procedures and Systems all leveraging off the up-front design and developed in parallel
- Avoidance of re-working linkages between initiatives at each stage of the process

6. Stage Gate 1

Briefing on Stage Gate 1 status

- Stage Gate 1 Initiatives are defined as those Mandatory Initiatives for 2022 Rules Determinations
  - IESS, FFR have Final Determinations
  - MT-PASA and FPP (part of PFR-IA) have Draft Determinations with Final Determinations imminent
  - OSM Draft Determination is imminent
  - Projects to continue with execution and/or be mobilised based on regulatory determination status

- In parallel, AEMO is working on Stage Gate 3B
  - Dispatch Target State
  - Relationship to IESS and FFR initiatives

- RDC role in relation to Rules Determinations (i.e. Stage Gate 1)
  - Rules development: advice on implementation approach/timing for overall roadmap
  - Implementation mobilisation advice once Final Determination made

- RDC/Industry role in relation to foundation/strategic initiatives (i.e. Stage Gate 3B)
  - Integrated design, plan and cost/benefit (pros and cons) to be prepared, industry engagement to be conducted
  - RDC role: Advisory on whether/when and how the initiative proceeds

Briefing on Stage Gate 1 status

Initiative	Actions	Go-Live	Total Capex ($m)
FFR - Fast Frequency Response	Final Determination made, project underway, execution to continue Co-ordinate through the PCF	Oct 23 (firm)	4
IESS – Integrating Energy Storage Systems	Final Determination made, project underway, execution to continue Co-ordinate through the PCF	Mar 23 & May 24 (firm)	32
MT-PASA – Increased MT-PASA Information	Draft Determination available with Final due 18 Sept Complete Planning once Final Determination made and move to Execution Co-ordinate execution through PCF	Oct 23 (planned)	1
FPP – Frequency Performance Payments (part of PFR-IA)	Draft Determination available with Final due 8 Sept Complete Planning once Final Determination made and move to Execution Co-ordinate execution through PCF	May 25 (planned)	11
OSM – Operational Security Mechanism	Draft Determination due 25 Aug Commence Planning once Draft Determination available, assuming a decision to proceed	Oct 25 (planned)	11
Dispatch Tactical Uplift	Consultation with industry through PCF and RDC required Direction of Travel: Full Dispatch replacement can and should be deferred, but key areas of technical debt require remediation, to be integrated with IESS and FFR AEMO working on Product Roadmap to help inform consultation process	tbd	1.5
	TOTAL		60.5

Notes

- Funding commitments are progressive, through standard AEMO phases: Feasibility, Planning, Execution. For reform initiatives these are aligned to the rules determination process. For strategic/foundation initiatives, these are aligned to the stage gate approval process. Full funding is not released all at once.
- Contingency of 30% to be added, acknowledges early stage estimates. Contingency window to be narrowed progressively.

7. Mobilising the NEM2025 Engagement Framework

Next steps

Next evolution of the RDC

Context

- The RDC has fulfilled the Interim Terms of Reference objective to develop a NEM2025 Implementation Roadmap.
- The RDC has also endorsed a governance process and its role in managing changes to the Roadmap and the Stage Gate process. This governance process formalises the collaborative engagement processes that the RDC evolved during the development of the Roadmap and consultation on the Stage Gate 1 Business Case.
- Gaps in the membership of the RDC have been raised by RDC members and industry stakeholders.

Proposed Amendments to the RDC's ToR

- Amend the purpose statement of the RDC to (i) reflect ongoing role in maintaining the Roadmap via the change management process and (ii) addressing strategic issues, such as taking cost out of delivery.
- Include a nomination of a representative of metering service providers. Have other gaps been identified?

Proposed amendments to the RDC's cadence

- Aim to hold two sessions per quarter:
  - One collaborative workshop to scope and plan impact assessments for changes to the Roadmap and to scope, design and align on the stage gate process. This necessarily addresses matters of detail.
  - One RDC meeting at which the committee provides its advice and position on Roadmap Changes, Stage Gates and strategic issues

Next Steps

- Feedback from the RDC prior to finalising the draft ToR (by 26 Aug)
- Seek renominations and new nominations under the new ToR. (by 2 Sep)

Kick off Executive and Program Consultative Forums

Program Consultative Forum

Objective:

- To collaborate with participants and intending participants on matters relating to the planning, coordination and implementation of the NEM2025 Program.

Cadence:

- Monthly

Forum kick-off:

- Mid-September

Membership

- Invite nominations from industry stakeholders

First meeting agenda:

- Roadmap and program mobilisation
- PCF ToR
- PCF priorities and forward plan

Executive Forum

Objective:

- To provide a channel to facilitate engagement between AEMO and executive-level representatives from market bodies, market participants and consumer groups on matters relating to the implementation of the NEM2025 Program.

Candence:

- Six monthly

Forum kick-off:

- October

Membership:

- Invite nominations from stakeholders

First meeting agenda:

- Future State Architecture (FSA) briefing
- Program mobilisation

Relationship to RDC:

- RDC is responsible for Roadmap and strategic issues i.e. planning phase
- PCF is responsible for implementation co-ordination
- EF is a forum for executive engagement and will cover both planning and implementation – at exec level

8. Other business

9. Thanks and close

Appendix A

Response to RDC Feedback on its objectives, ways of working and representation

RDC check-point

A check-point to consider recent feedback* relating to the Terms of Reference for the RDC:

5.1 Objectives

5.2 Ways of working

5.3 Representation

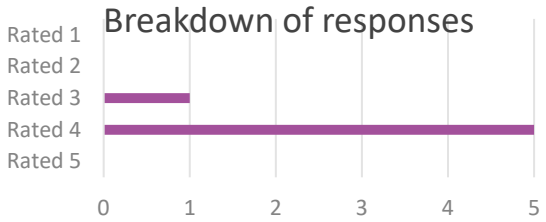
* Feedback from the Committee through the July survey and conversations at recent meetings and on 1:1

RDC survey results & feedback

Please rate how satisfied you are with the Reform Delivery Committee…

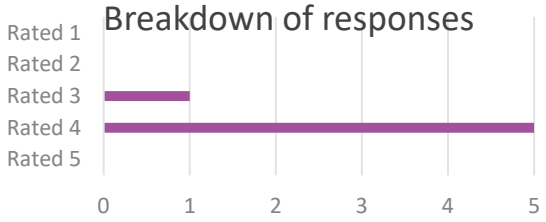
Overall satisfaction: 3.8/5

Please rate how satisfied you are with the RDC
1 being less satisfied and 5 being highly satisfied



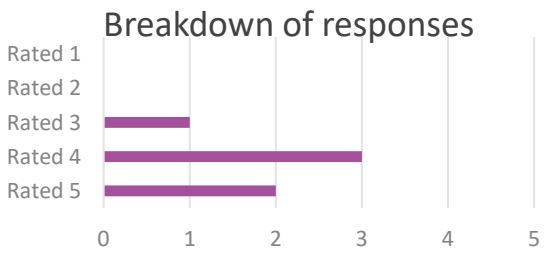
Engagement: 3.8/5

Please rate how satisfied you are with the incorporation of ideas and suggestions from the committee
1 being less satisfied and 5 being highly satisfied



Committee management: 4.2/5

Please rate the management and operation of the Committee
1 being less satisfied and 5 being highly satisfied



Source:
- Q3 2022 RDC Survey

Things that are working

Appreciation of the opportunity to engage with AEMO on this difficult task

Mixed views in regards to taking feedback on board

Appreciation of the rigour with how the Committee is managed

Room for improvement

Recognise differences in opinion and work on a path forward

Consider the volume of content/ allow more room/time for consideration of the issues

Shorter, more focussed meetings may make it more viable to attend

5.1 RDC objectives

RDC feedback

- Strategic objectives need to be reviewed in light of changing energy market and the completion of the baseline roadmap.
- The RDC should be a forum in which to discuss strategic issues such as the balance between centralised (AEMO built) or de-centralised (industry built) IT systems and solutions.

AEMO's response

AEMO proposes that:

- Key strategic activities in scope of the ToR remain relevant.
- ToR be amended to reflect ongoing role in maintaining the Roadmap.
- Reference the Implementation Roadmap Governance Statement of Approach in ToR
- Invite the Committee to nominate strategic issues for discussion under a standing agenda item (see ways of working).
  - Current examples of strategic issues being considered include topics under agenda item 4 of this meeting.

5.2 Ways of working

RDC feedback

- Appreciation of the rigour with how the Committee is managed and the opportunity to engage with AEMO on this difficult task.
- The Committee has delved into a lot of detail.
- Need ways of working that recognises differences in opinion and work on a path forward.
- Mixed views on in regards to taking feedback on board.
- Consider the volume of content.
- Allow more room/time for consideration of the issues.
- Shorter, more focussed meetings may make it more viable to attend.
- Materials are distributed too close to meetings, not giving members sufficient time to socialise and consider the issues.

AEMO's response

AEMO proposes to continue improving the rigour of Committee operations and maximise the capacity of the Committee to work strategically by:

- Moving to a quarterly cadence with a Collaborative Workshop to scope and align on work program followed by Committee Meeting to determine consensus advice and positions.
- Continue to establish and iterate collaborative processes and frameworks e.g. Change management process to facilitate collaborative outcomes.
- Introduce a forward standing agenda consistent with strategic objectives including the Change Management and Stage Gate processes.
- Test approach of presenting abbreviated summary of meeting materials for each agenda item
  - Full content supplied in Appendix
  - RDC members assumed to read and socialise materials beforehand
  - Intended to allow more time for consideration, Q&A and discussion of issues.
- Continue to be transparent in how feedback is incorporated into AEMO decisions including providing rationale where changes have not been made.

5.2 Ways of working – cont'd

Proposed standing agenda:

1. Welcome
2. Review of actions from last meeting
3. Change Management & Impact Assessments
   - Review of open change items
   - New change items
4. Stage gate advisory point
5. Strategic Issues
6. Other business
7. Next steps & close

5.3 Representation

RDC feedback

- Proposal to include additional stakeholder groups e.g. metering providers.
- Invite targeted participation on specific agenda items or sessions to get input from members who don't find it relevant to contribute to the full scope of topics brought to the RDC.
- The opportunity to be included on the Committee without necessarily participating in the discussions has value in itself to some stakeholder groups.

AEMO's response

AEMO proposes:

- Inviting a nomination from the metering service provider industry
- To continue offering representation on the RDC from diverse set of stakeholder groups
- Initiating a re-nomination of members to ensure representation is aligned to the revised ToR
- Utilising additional engagement and communication channels to reach participants with specific interests or limited resources to engage
  - 6-monthly Information sessions open to all stakeholders in addition to standing forums
  - Tailored information packs, updates and Q&As
  - Program newsletter and website

For more information visit

aemo.com.au