

Reform Delivery Committee

Collaborative Workshop
November 2023



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	Ask of Committee	Presenter(s)
1	10:00 – 10:05am	Welcome		Peter Carruthers
2	10:05 – 10:30am	AEMC Update <ul style="list-style-type: none">Integrating price responsive resources into the NEMEnhancing reserve information	For discussion	Rachel Thomas, Shannon Culic, Sebastien Henry
3	10:30 – 10:35am	Holistic DER Review / Prioritisation Assessment	For discussion	Lance Brooks
4	10:35 – 10:45am	General Questions and Other Business <ul style="list-style-type: none">Roadmap v3.1 proposal	For discussion	Peter Carruthers

Appendix A: Competition law meeting protocol

"Please note that this meeting will be recorded by AEMO and may be accessed and used by AEMO for the purpose of compiling minutes. By attending the meeting, you consent to AEMO recording the meeting and using the record for this purpose. No other recording of the meeting is permitted"

2. AEMC Update

- Integrating price responsive resources into the NEM
- Enhancing reserve information

Project update

AEMC

Integrating price-responsive resources into the NEM

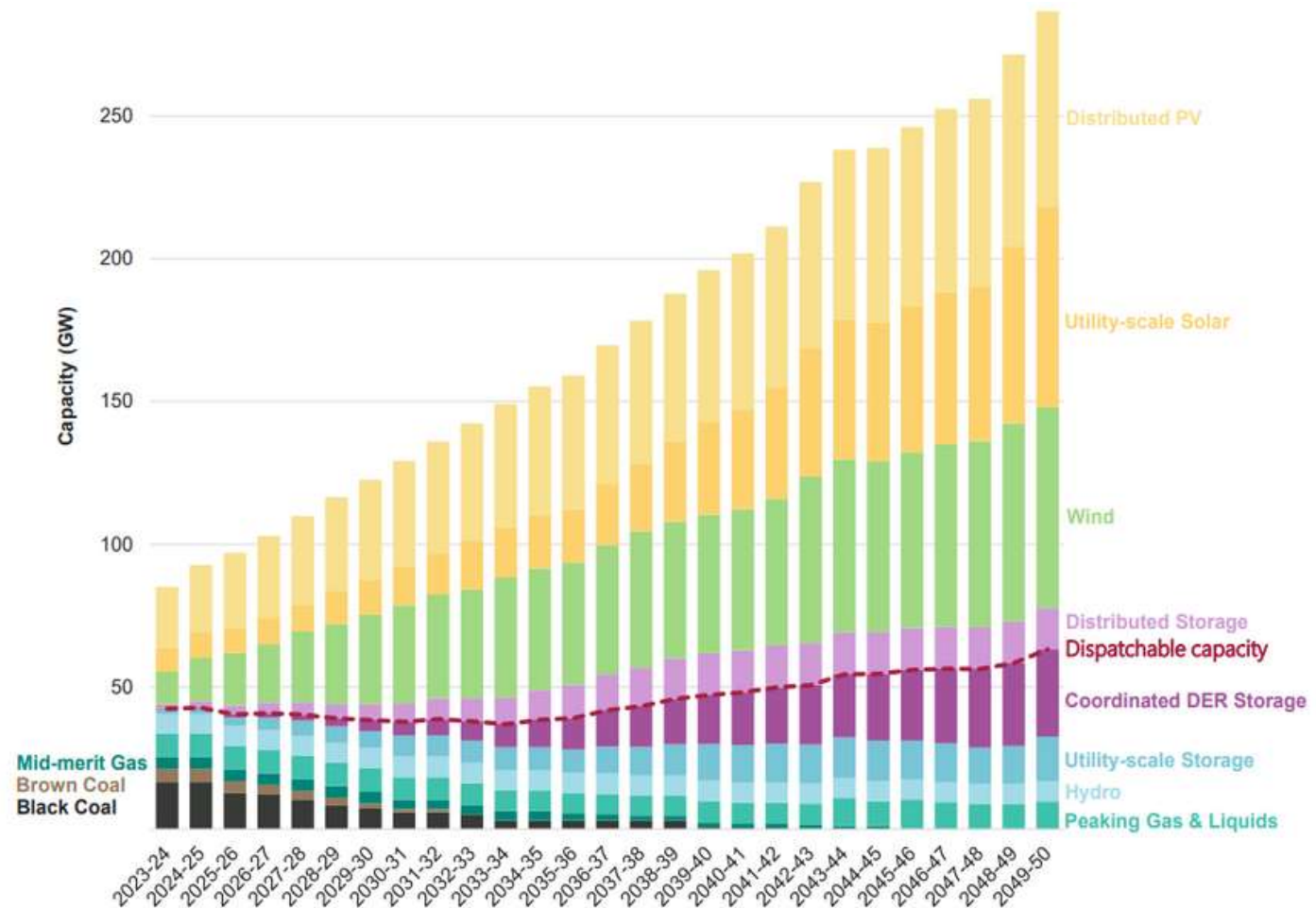
Rachel Thomas, Project leader

Context

VPPs are expected to grow and are included as part of the development path for coordinated dispatchable storage but currently aren't dispatchable

Scheduled Lite dispatch mode intends to address how to incorporate these devices into central dispatch.

Visibility mode was proposed to be a stepping-stone for participants. It would provide situational awareness for AEMO on behaviour of price-responsive resources.



Stakeholder feedback (34 submissions on 14th September)

Do stakeholders agree with the problem definition?

- Stakeholders generally supported the problem definition.
- However, some stakeholders think the problem is overstated or a future problem.

Do stakeholder agree with the scheduled lite mechanism?

- Number of stakeholders raised concerns with resources in VPPs that are less firm or controllable and are not able to provide information or respond as needed to be dispatched
- Stakeholders were generally not supportive of visibility mode as designed, with the high costs to participants and lack of clarity of how the information would be used raised as key concerns.
- Other stakeholders supported dispatch mode as a means to access markets and to provide a value stream for VPPs.
- Incentives and costs were raised as concerns.

What feedback did stakeholders have on the process?

- Stakeholders supported an additional step in the process, such as options paper and/or technical working groups.
- Some stakeholders raised concerns about the proposed principle-based basis of the rule (with details in AEMO guidelines).
- A question was raised if we could fast-track the guideline development to coincide with the rule change process.
- Stakeholders raised several network interactions that they wanted to also be considered

Project update

AEMC

Enhancing reserve information (formerly Operating reserves)

Shannon Culic, Project Leader,
Sebastien Henry, Project Sponsor

We sought stakeholder feedback on the proposed way forward for operating reserves

- In August 2023 we published a directions paper that sought stakeholder feedback on the below policy positions.
- Our initial views on considering the submissions (noting these are initial views and we're still working through with them stakeholders) are set out on slide 3.

	Directions paper – policy positions	Summary of submissions
1	Do you agree with the Commission’s decision not to recommend the implementation of an operating reserve market?	There was almost unanimous agreement on the Commission’s decision not to progress with an operating reserve market.
2	Is there merit pursuing the incremental improvement #1 (improving transparency for energy-limited plant) including formalising these in the Rules framework?	Information transparency for energy-limited plant was largely supported by stakeholders, but there were varying suggestions for how this could be implemented.
3	Is there merit pursuing the incremental improvement #2 (regional/sub-regional FCAS procurement) including formalising these in the Rules framework?	Regional/sub-regional procurement of FCAS was largely supported, but there were mixed views on the specific solution and whether it should be progressed through this rule change process.
4	Are there any other incremental improvements that should be pursued in the absence of an operating reserve market being implemented?	Several stakeholders also raised additional options mostly relating to operational forecasting accuracy reporting .

Indicative project forward direction

Operating reserve market

1

- Our initial view is that we will continue with the position **of not implementing an operating reserve market.**

Information transparency

2

- Our initial view is that we will **increase transparency for energy-limited plant.**
- We are also aiming to minimise the cost and complication of this option, focusing on the **information that is already provided in pre-existing channels.**

Local FCAS procurement

3

- Our initial view is that we **are not proposing to amend the NER to prescribe how and when local FCAS procurement** should occur.
- We are seeking to provide guidance on the issue this option is looking to solve and how the Rules currently permit regional FCAS procurement in the draft determination.

Additional improvements

4

- Stakeholders raised a number of additional improvements in submissions to the directions paper.
- We received broad interest in exploring how the accuracy of AEMO's operational forecasts could be more transparent, particularly in relation to LORs.
- We are still investigating this option but are **not intending to place onerous reporting obligations on AEMO.**

Enhancing reserve information

We will publish a draft determination 14 December 2023

Following stakeholder feedback to the directions paper, the Commission has extended the timeframe for a draft determination from 5 October 2023 to 14 December 2023. This will allow for engagement with stakeholders on issues raised in submissions.

We will:

- publish a draft determination on **14 December 2023**
- consult for a period of 9 weeks **14 December 2023 – 15 February 2024**.
- finalise this rule change by **April 2024**.

If you have any questions – reach out to the Project Leader – shannon.culic@aemc.gov.au

14

December 2023



14 Dec -15 Feb

10 weeks
consultation



April

2024

3. Holistic DER Review / Prioritisation Assessment

Addressing congestion in 2025

Recap and next steps: Holistic DER Review / Prioritisation Assessment

At the last RDC meeting it was agreed the need to complete:

- A **holistic review of the DER initiatives** (national and jurisdictional specific) to assess the opportunities, impacts or challenges for AEMO and industry participants and how they may be accounted for in the Roadmap / Program no later than Q1 2024 (subject to the ESB's publication of its CER and Data End of Program Report);
- A **prioritisation and sequencing assessment** of those initiatives contributing to congestion within the NEM Reform Program be completed no later than Q1 2024

The upcoming Energy Ministers meeting in November is to consider (among other policies / issues):

- ESB CER and Data End-of Program Report
- Congestion Relief Market & Priority Access Model next steps

The outcomes / recommendations of Energy Ministers from this meeting will be key input into both a holistic review and prioritisation assessment



Proposed Next Steps

- November 28th meeting be used to workshop priority assessment / holistic review
- AEMO to present framework / approach for consideration as well as strawperson assessment

4. General Questions / Other Business

Roadmap v3.1 proposal

Several material (and incremental) changes have been identified since publication including:

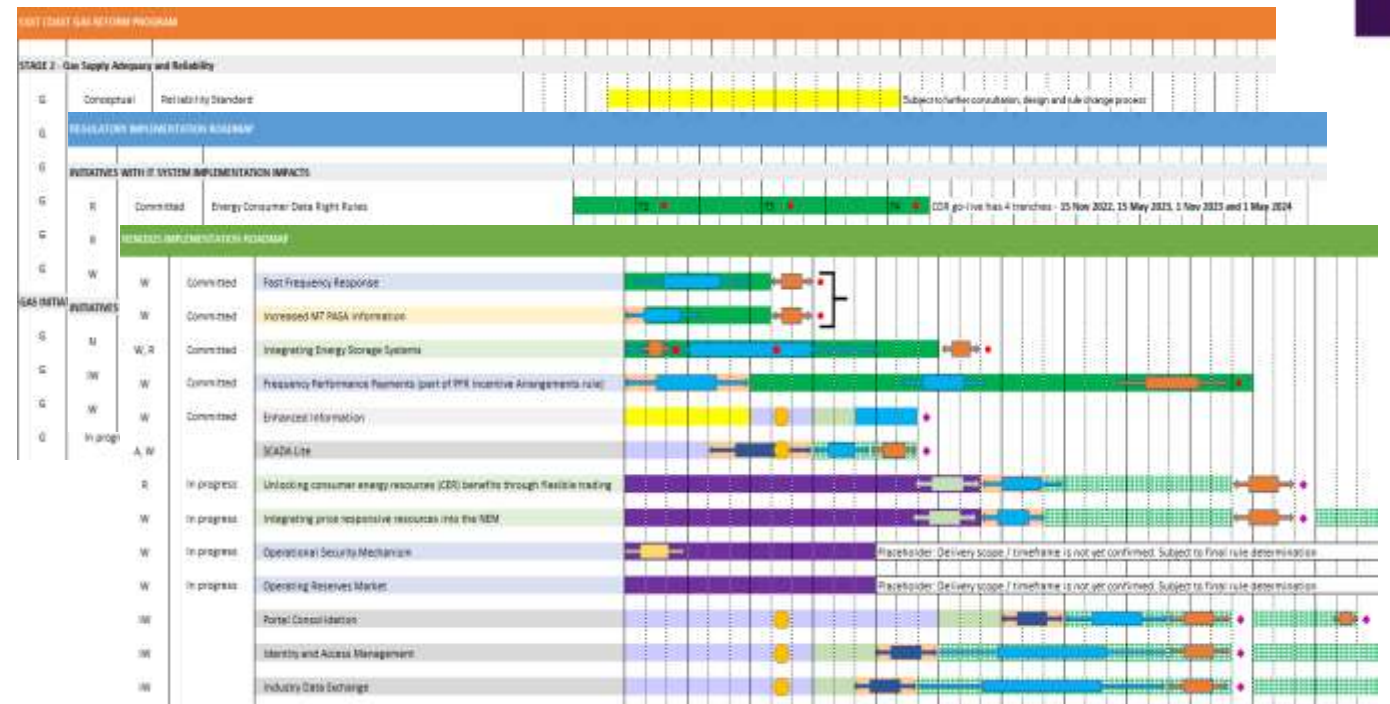
- Unlocking CER benefits through flexible trading (revised DD date)
- Integrating Price Response Resources into the NEM (revised DD date)
- Enhancing Reserve Information (revised DD date)
- Inclusion of MSATS Release / B2B / AseXML Release on main 'Roadmap' worksheet

New proposal following stakeholder feedback

AEMO propose to update the Roadmap ahead of the Nov 28 RDC meeting to capture such changes before publishing as version 3.1 in December

NEM Reform Implementation Roadmap

(version 3 published 05 October 2023)



Appendix A: 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.

To access the full protocol at AEMO's website, visit: <https://aemo.com.au/en/consultations/industry-forums-and-working-groups>



For more information visit

aemo.com.au