



INFORMATION EXCHANGE COMMITTEE MEETING

FOR DECISION

SUBJECT: IEC BUDGET 2020-21

AGENDA ITEM: 12

1. PURPOSE

To seek Committee endorsement of IEC budget for 2020-21 prior to 28 February 2020.

2. BACKGROUND

Section 7.17.7(d) of the National Electricity Rules (NER) requires that by 28 February each year the Information Exchange Committee (IEC) prepare a draft budget for the following financial year in a form which is consistent with the budget procedures of AEMO.

Following discussion with AEMO the IEC must prepare a budget by 31 March and provide that budget to AEMO.

The following IEC and B2B costs have been included in the 2020-21 budget:

- The projected annual costs relating to professional indemnity insurances required for IEC members;
- The costs relating to the AEMO member's participation in the IEC;
- Costs associated with hosting the IEC quarterly meetings, and the IEC work groups anticipated for the budget period;
- The costs of the development of the B2B procedures; and
- A small allowance for the engagement of specialist advisers, should the IEC require external advice.

When AEMO publishes its budget, AEMO will advise the IEC of its final budget.

3. DISCUSSION

For the financial year 2019-20 the IEC budget was in the order of \$100,000. This estimate did not include costs associated with AEMO's costs of hosting the B2B Working Group (B2B-WG). Given the significant volume of matters referred to the B2B-WG in 2019, quarterly face-to-face workshops have been required in addition to monthly teleconferences in order to deliver on the IEC's program of works. To ensure balance for participants, these quarterly meetings are held in an AEMO office in a different member state each quarter.

In 2020 it is anticipated that the IEC will be required to establish an additional working group to advise on the B2B procedural changes required to accommodate the new embedded network regulatory frameworks. In addition to the embedded network regulatory changes, the forward work program suggests that there are potentially a series of other regulatory changes relating to the (at least) Consumer Data Right and Wholesale Demand Response. These changes are in addition to participant-generated changes that are also currently being considered. These costs have been reflected in the 2020-21 budget figures (**Attachment 1**).

Should additional funds be required, the Secretariat will prepare separate project briefs which can be presented to the AEMO Investment Committee for consideration.

The proposed process and timetable for finalisation of the IEC 2020-21 budget includes:

Activity	Responsible	Date
Develop draft budget for IEC discussion	IEC Secretariat	November 2019 IEC meeting
Update budget to reflect IEC feedback and re-circulate to members for endorsement	IEC Secretariat	Mid - December 2019
Submit IEC budget in the AEMO budget timeline	IEC Secretariat	by 6 January 2020
AEMO Board to review draft AEMO budget and fees for consultation (including IEC draft budget)	AEMO	March 2020
AEMO release draft budget and fees for stakeholder comment	AEMO	March – April 2020
AEMO submits final budget and fees to AEMO Board	AEMO	Late May - early June 2020
AEMO to advise IEC of budget		

4. RECOMMENDATIONS

The Committee provide feedback to the Secretariat / endorse the proposed budget for 2020-21 as described in **Attachment 1**.

AUTHOR NAME:	MICHELLE NORRIS
APPROVED:	25 NOVEMBER 2019

ATTACHMENTS
1. IEC BUDGET PROVISION 2020-21

IEC BUDGET PROVISION 2020-21

This attachment presents the proposed information Exchange Committee (IEC) budget for 2020-21 and covers:

- Budget provision for the IEC; and
- Assumptions made in relation to the budget.

The IEC budget for 2020-21 has been developed from first principles rather than rely on the prior year budget.

Items to be included in the 2020-21 IEC budget

The IEC requires a significant annual budget to deliver its regulatory obligations. Budget items included to support the Committee's operation include:

- AEMO member (Chairperson) payments and expenses:

Provision has been made for the IEC Chairperson expenses, having regard to previous costs incurred and likely meeting frequency.

- IEC member professional insurances:

The IEC (and its members) does not have immunity from liability under the NER and, as a non-incorporated body, is exposed to public liability claims. IEC members require insurance coverage pertaining to their roles in making decisions and recommendations to AEMO and for public liability. AEMO secures the following insurances on behalf of the IEC:

- Directors and Officers Liability (\$10 million limit);
- Professional Indemnity (\$10 million limit); and
- General Liability (\$20 million limit).

Advice provided to AEMO indicates that an uplift of 20% on the 2019 costs should be anticipated.

- IEC Working Group costs:

AEMO chairs the B2B-WG which has met each quarter in 2019 for face-to-face two-day workshops, and then monthly in virtual meetings. Given the work program of the IEC, this is likely to continue during 2020. In addition, there is likely to be an additional working group established in order to develop the B2B procedural changes for the new embedded network regulatory framework.

The assumptions for the two IEC working groups have been included below for the development of the budget.

- Catering and venue hire:

It is anticipated that the IEC will continue to meet face-to-face and via teleconference during 2020-21. A nominal budgetary amount is proposed to cover costs of refreshments for face-to-face meetings noting that meetings will be held at AEMO or agreed participant sites.

The following assumptions have been

- Only costs associated with potential travel for IEC and working group face-to-face meetings are included in the budget expenses.

The proposed 2020-21 IEC budget is set out below. All budget items are to be accrued over the 12-month financial year.

Budget expense description	Budget
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED] [REDACTED] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]
[REDACTED] [REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Total	\$120,000