

What was discussed in AEMO's wholesale and retail forums in November and December 2015

National Electricity Market Wholesale Consultative Forum (NEMW-CF)

25 November 2015

NEM Summer Readiness 2015–16

The forum discussed NEM power system readiness for this summer. While days and nights are expected to be warmer across parts of eastern Australia this summer, reserves in each NEM region are adequate to prepare for any anticipated high demand scenario, usually stemming from extreme weather events.

Transmission Network Service Providers (TNSPs) in each region also report that there are currently no major outstanding issues regarding their power networks.

AEMO mitigates identified risks associated with extreme weather conditions by regularly updating and practicing NEM Emergency Management Arrangements.

AEMO is committed to maintaining the NEM power system in a secure and satisfactory state. South Australia is a case study of the effect of integrating high levels of renewables in the NEM on the power system, and a joint Electranet-AEMO study investigating system impacts there is expected to be released in early 2016.

Electricity fee structure review 2015

AEMO received five submissions to the electricity fee structure review consultation covering NEM, Full Retail Contestability (FRC), Energy Consumers Australia (ECA), and National Transmission Network (NTP) functions. Overall, submissions reflected a limited desire for change to current fee structures. However, for FRC electricity fees, most submissions advocated a fee be levied per connection point. This fee structure could replace the MWh consumption fee structure currently used.

AEMO will publish a draft report for comment on 18 December that considers the submissions. Then there will be opportunity for stakeholder comment by the end of January 2016. A final report is to be issued on 29 March 2016.

Prudential improvement initiatives

The forum heard that AEMO has been examining ways to improve NEM prudential arrangements following the 2010 review. Some improvements have been achieved. These include implementation of a 2% probability of loss given default for the new Prudential Standard through a Rule change and new Credit Limits Procedure, and reducing barriers to entry for new participants through implementation of new entrant Maximum Credit Limits.

AEMO's analysis of offsets for the prudential margin confirms significant benefits in reducing collateral requirements by allowing participants to use reallocations to offset their load. A rule change request has been submitted to the Australian Energy Market Commission (AEMC), and is published on its website. *Link:* <http://www.aemc.gov.au/Rule-Changes/Application-of-offsets-in-the-prudential-margin-ca>

The AEMC has released a consultation paper on the Offsets in the Prudential Margin Rule change request. Submissions are invited on the proposed Rule change, including any impact on market efficiency, appropriate allocation of risks, and trade-off between flexibility and regulatory certainty. The closing date for submissions is 4 February 2016.

AEMO also reviewed information about reducing the current five-week settlement cycle. AEMO advised that participant interest in this opportunity varied (more interest from some generators, less from retailers). Discussion on the shorter cycle raised the issue of accuracy of the current settlement cycle, and whether the move to smart meters had increased accuracy levels.

National Transmissions Network Development Plan (NTNDP)

Following a presentation of key insights from the recent 2015 NTNDP, forum members were encouraged to engage in a consultation process (document to be published in January 2016) that will help AEMO develop the assumptions and methodology for the 2016 NTNDP.

The 2015 report provided a strategic view of transmission grid development across the National Electricity Market (NEM) over the next 20 years. It also examined the power system reliability and security implications of integrating both large-scale and embedded renewable generation technologies into the NEM in the context of changing supply and demand patterns.

Members asked questions about the extent to which levels of new generation, retirements and demand are considered in the NTNDP.

AEMO advised that demand inputs for the NTNDP are taken from the National Electricity Forecasting Report (NEFR), adjusted to address two scenarios for demand over the next 20 years (a gradual evolution scenario and a rapid transformation scenario). The levels of new generation and retirements in the NTNDP are modelling outcomes influenced by the Renewable Energy Target, existing spare capacity, announced withdrawals, and technology costs, amongst other factors. AEMO encouraged attendees to review the generation outlook appendix in the NTNDP, which provides further detail on these results.

The NTNDP is available at the following link:

<http://www.aemo.com.au/Electricity/Planning/National-Transmission-Network-Development-Plan>

Energy Adequacy Assessment Projection (EAAP)

AEMO advised the forum that consultation on the EAAP is complete and that AEMO submitted a rule change request to the AEMC in November. The proposed rule allows publication of the EAAP to be altered from a quarterly publication to an annual requirement and provides for additional reporting, if required, to be captured through trigger events specified in the EAAP guidelines.

The next report will be issued under the quarterly schedule, in December.

NEMWCF next meeting: 27 January 2016

Business-to-business and Market Settlement and Transfer Solutions (B2B and MSATS) Reference Group (BMRG)

24 November 2015

Market issues and changes

BMRG members endorsed parts A and B of the Issues Change Form (ICF) to allow better validation of a service order request (SOR) to eliminate disputes in specific disconnection situations. These are when disconnections for non-payment are requested during a protected period and extreme weather events. The group agreed recommending to the Information Exchange Committee (IEC) that it champion progressing this change to a white paper.

Provide meter data request (PMD)

Retailers at the forum proposed changing the obligations for raising a PMD to allow them to access meter data in a more timely manner. The group endorsed the change, which contained enough information to complete an Order of Magnitude (OoM) assessment. However, members will recommend to IEC the proposed change be put on hold pending the Victorian government decision to implement PoC changes.

Service order disconnections

Forum members supported an ICF that allows information to progress to the next step in the change process to clarify ambiguous or misleading descriptions for event codes. The next step is completing an OoM that would assess the problem of incomplete information. BMRG participant representatives agreed to complete the OoM by 31 January 2016.

Life Support Working Group

AGL is progressing the review into Life Support notifications and development of a potential change request for Life Support updates.

B2B procedures – recommended enhancements of Verify Meter Data (VMD) request

Four participant responses were received in October to the BMRG review of Metering Services Working Group (MSWG) recommended modifications to business rules outlined in the B2B Meter Data Process investigation timetable.

The meeting heard that the review advocated not progressing the MSWG recommendations at this time. Any change would need a proponent from industry to champion it.

ERCF next meeting: 15 January 2016*

**Please note that due to the retail market framework restructure, the BMRG will become an open forum in 2016 titled the Energy Retail Consultative Forum (ERCF).*

Retail Market Consultative Forum (RMCF)

27 November 2015 (& 18 December 2015)

Power of Choice (PoC) update

AEMO introduced its new leadership team for progressing the PoC program. They are program advocate, Antara Mascarenhas; program manager, Ben Healy; and procedure lead, Tim Sheridan.

Key deliverables and timelines were also outlined, based on the AEMC's key milestones. The program includes delivery of Metering Competition, Embedded Networks and a Shared Market Protocol (SMP).

Following a PoC program overview, members discussed implementation of Metering Competition and the AEMC's proposed SMP changes. To implement SMP, workshops will be held from January–March 2016 to consult on procedure changes before formal consultation begins on 22 April 2016.

AEMO will update the RMCF on key PoC governance and decision making processes at the January 2016 meeting. An AEMO summary of 25 November Metering Competition workshop outcomes highlighted issues for IEC consideration, with specific discussion on Metrology procedure Part B Type 4 meters.

NSW/ACT Retail Gas Project update (NARGP)

AEMO provided an update on NARGP noting the following key points:

Regarding the process and regulatory work stream:

- NARGP 'As Built' consultation was initiated on 19 November.
- Another workshop on 16 December for Wagga Wagga Tamworth networks follows the Proposed Procedure Change workshop on 4 December.

Regarding the readiness work streams:

- The Industry Test began on 23 November.
- A draft Transition Plan was completed on 13 November.

- Development of the Cut-over Plan will begin mid-December, with a final version targeted for mid-March 2016.
- All participants are reporting “On Schedule” for 2 May 2016 go-live.

Forum members endorsed that NARGP updates be supplied for RMCF meetings going forward.

Working Group structure

AEMO noted that stakeholder feedback had been incorporated into final documents detailing new retail forum working group governance structures.

These documents were circulated to forum members for discussion.

AEMO said that anticipated documents for SMP including the IEC handbook and NEM change management process are a work in progress to be reviewed in 2016.

AEMO committed to circulate the Cost Benefit Assessment and OoM templates to the group as they were not included in the meeting pack.

RMCF next meeting: 29 January 2016

Gas Retail Consultative Forum

11 December 2015

Gas market audit plans

AEMO updated the meeting about gas market audits to be conducted in the first half of 2016. They include reviews of New South Wales, ACT and South Australian (SA) markets.

Victorian and Queensland (Qld) market reviews are planned for 2016–17.

The 2016 audit reports will be available on AEMO's website after the reviews.

QLD and SA Unaccounted For Gas

AEMO spoke to forum members about the proposal to more closely align Qld and SA UAFG processes with Victoria's, noting that associated Value Assessment Test (VAT) costs and benefits have been reviewed.

While there was no overall benefit of implementing the proposal, there are intangible benefits associated with the change, so AEMO is putting the Gas Market Issue on hold, pending participant review of costs and/or benefits.

Participants will be able to resubmit their VAT costs or benefits to reflect any changes to assumptions included in their VAT response. The forum agreed to revisit the issue in January 2016 if further submissions were received.

GRCF next meeting: 28 January 2016

Consumer Forum

13 November 2015

AEMO's new role in Western Australia

AEMO updated the forum on the Western Australian (WA) government's decision to transfer the Independent Market Operator's (IMO's) functions relating to Wholesale Electricity Market (WEM) and gas services to AEMO effective from 30 November. IMO staff are working with AEMO on the transitioning process. The forum heard that Western Power will continue to operate the power system, the management of which will be absorbed into AEMO in 2016.

Energy Market Governance Review update

AEMO discussed with forum members the Council of Australian Governments (COAG) Energy Council's final report released in mid-October that reviewed governance arrangements for Australian energy markets. AEMO's recommended changes are relatively minor. However, AEMO will clarify its market development role in a statement developed with the Energy Council. The statement will explain where AEMO's expertise in market and system operation will be used. There is no change to AEMO's corporate structure, but changes have been recommended to increase the length of the terms of non-executive directors and Board chair.

The draft governance review report is on the COAG website:

<https://scer.govspace.gov.au/workstreams/energy-market-reform/review-of-governance-arrangements/>.

Getting the best out of AEMO data

The forum heard about the range of publications and extensive data sets that consumer groups have access to on the current AEMO website. With planning underway for an updated website in 2016, AEMO asked members to consider how they would prefer data to be presented in the future. It was suggested that AEMO and forum members meet in January 2016 to discuss relevant content, and bring their views back to the February 2016 forum for consideration.

Consumer representation resourcing constraints

Energy Consumers Australia (ECA) told forum members that key recommendations from a recent report exploring consumer engagement across the sector will be shared at the next forum. The report expands on ECA's potential role in meeting consumer advocate expectations about the contribution they might make in the rapidly changing energy market.

Members acknowledged the positive role AEMO has played in putting the Consumer Forum in place and bridging the gap in resourcing issues.

Power of Choice (PoC) update

AEMO reported that PoC initiatives are running to schedule with no material changes in scope or timeframe:

- The Embedded Networks draft determination published on 10 September by the AEMC retains the substance of AEMO's rule change. It also includes changes to grandfathering, deeming Local Network Service Providers (LNSP) as the Embedded Network Manager (ENM), and life support requirements. The final determination is due by 17 December to align with the Competition in Metering rule.
- The AEMC published the final rule change for Competition in Metering and Related Services on 26 November. The rule tasks AEMO, the Information Exchange Committee and the AER with starting further work to implement the rule, the effective date for which is 1 December 2017.
- The AEMC published the final advice paper for implementation of the Shared Market Protocol on 8 October. The final advice contained a draft rule for COAG review. The next step is for COAG to consider asking the AEMC to progress a rule change.
- The AEMC published a draft determination on the Multiple Trading Relationships rule change in November, with submissions closing on 10 December.
- The draft determination does not propose that the rule be carried further.

Consumer Forum next meeting: 5 February 2016

Discussion across all forums

Frequency Control Ancillary Services in South Australia

AEMO has been monitoring the recent volatility in market prices of Frequency Control Ancillary Services (FCAS) in South Australia since 11 October, and this issue was discussed in a number of our industry forums.

AEMO's operational processes relating to procurement of regulation FCAS were also shared across a number of forums.

As a separate matter, AEMO notified the market on 18 November that an issue in its settlement process had been identified relating to recovery of the cost of regulating FCAS. Following consultation with participants and testing of a solution to amend a settlement component of the Electricity Market Management System, AEMO implemented the required change to settlements on 2 December.