

# Consumer forum

July 2022





# Welcome & Acknowledgement of Country



# Agenda



Time	Duration	Item	Speaker/s
9:00 am	5 minutes	Welcome	Jane McNamara (GM Stakeholder Relations)
9:05 am	10 minutes	Introduction to new ELT member	Nevenka Codevelle (Executive General Manager - Government & Stakeholder)
9:15am	10 minutes	Update on SEC Newgate + finalisation of budget & fees consultation	Jane McNamara Dorothy Dudley (SEC Newgate)
9:25 am	30 minutes	Update on gas & electricity supply challenges, compensation calculation and approach to reporting	Chris Muffett (Manager Wholesale Reform Delivery)
9:55 am	50 minutes	2022 ISP publication- update for consumer advocates	Oliver Derum Magnus Hindsberger (Acting Manager Integrated Energy System Forecasting) Bianca Cristison (Acting Manager Integrated System Planning)
10:45 am	15 minutes	Other business and close	Marteena McKenzie

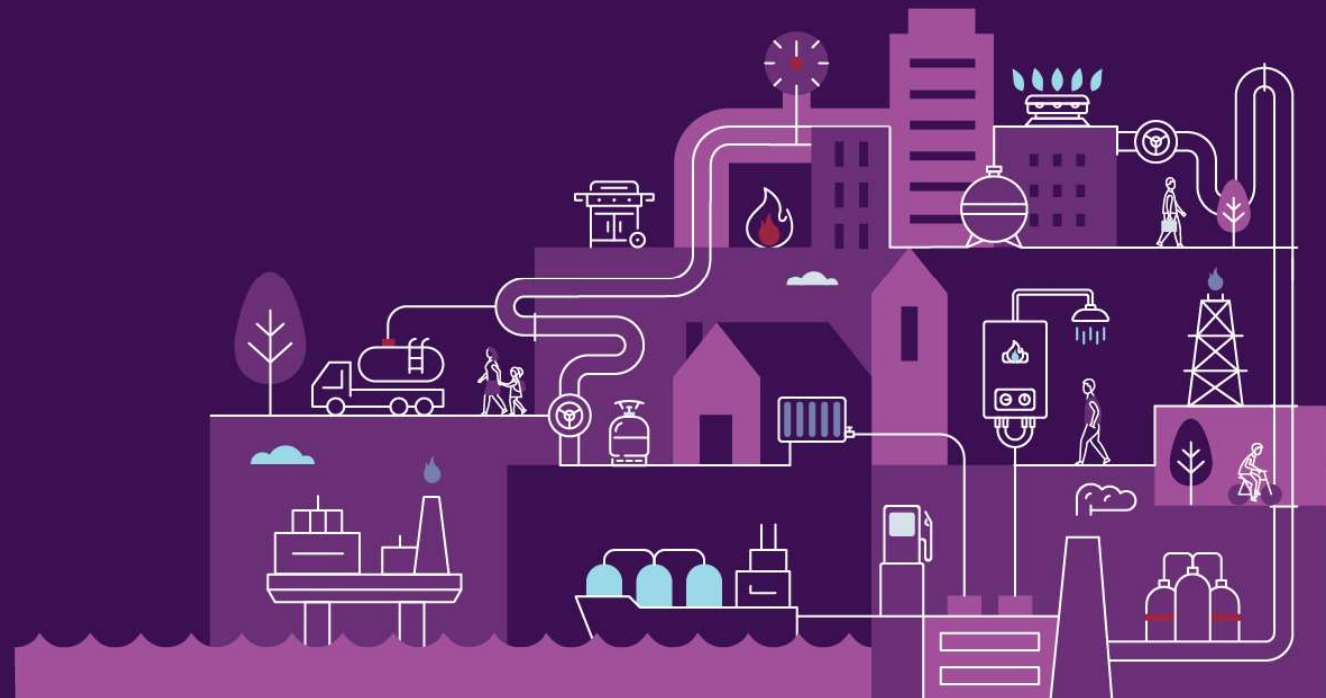


# Introduction to Nevenka Codevelle



# SEC Newgate- AEMO stakeholder survey

Dorothy Dudley





# **AEMO Stakeholder Research Study Overview for Consumer Forum**

**Presented by Dorothy Dudley, Director**

20 July 2022



# Overview

- 
1. Stakeholder Research Study Aims
  2. Research Methodology
  3. Key Metrics and Attributes
  4. Stakeholder Segments
  5. FY21 Results Overview
  6. Next Steps - Timeline for FY22
-



# Stakeholder Research Study Aims

## Background

- Study designed and conducted by SEC Newgate, in consultation with AEMO
- Currently completing 3rd wave of annual stakeholder research
- Uses the NewREP study framework

## Study Objectives

Research results will:

- Guide AEMO's understanding of **what is driving its reputation**
- Help shape the way the organisation **operates, engages and communicates** with its key stakeholders
- Provide **tracking data for organisational KPIs**

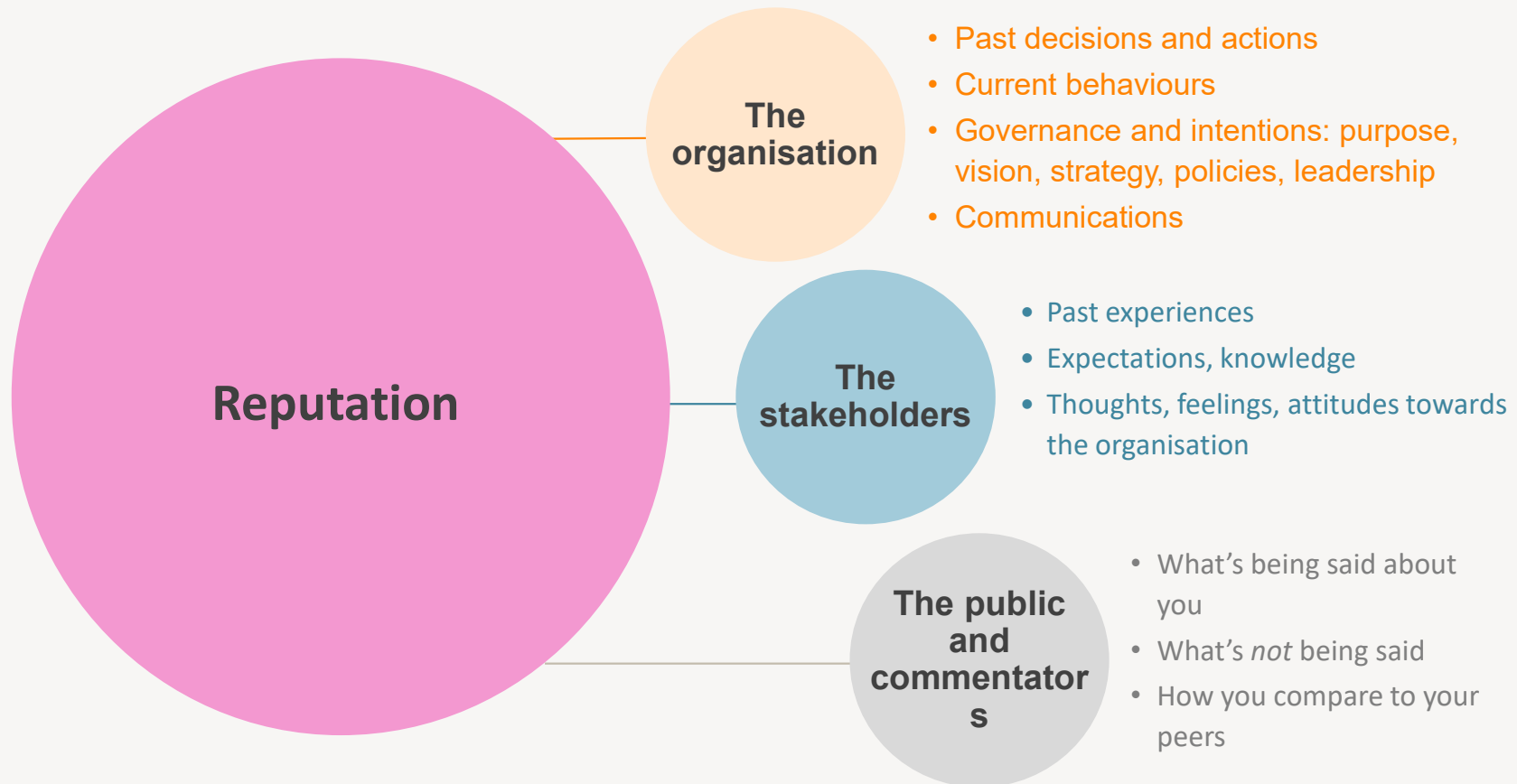




**Research Methodology  
- The NewREP Approach**



# Reputation is a collective view of many factors



# AEMO's Stakeholder Reputation Research

2020/21

## NewREP Light

A detailed study to understand, measure and monitor reputation and performance, with **high-level analysis of reputation drivers**



- Up to 8 reputation metrics tailored to AEMO
- Open-ended questions: reasons for ratings, advice
- 35-40 in-depth interviews, 20-30 minutes (video/F2F)
- High-level statistical modelling of overall reputation drivers

2022

## NewREP

A comprehensive study to understand, measure and monitor reputation and performance, with **detailed analysis of reputation drivers** and diagnosis of strategic and tactical **action priorities**



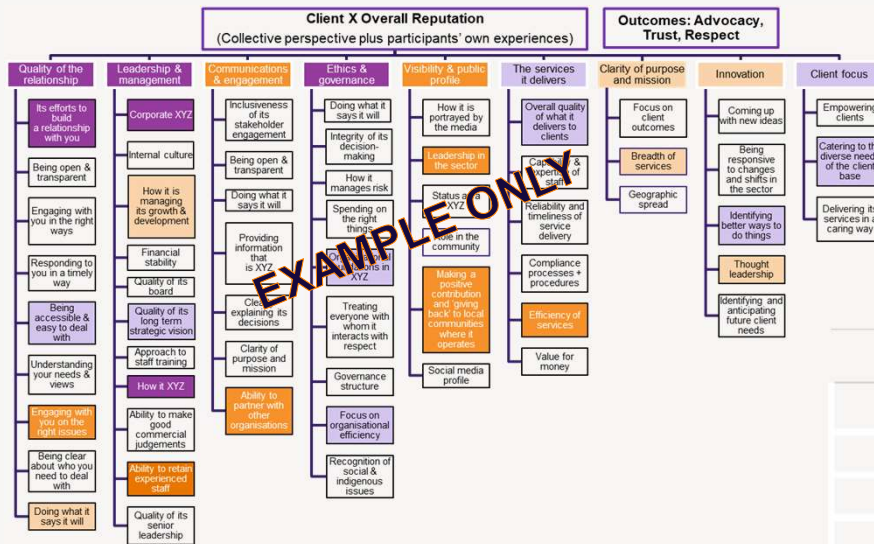
- Approx. 30-40 metrics developed through consultation to create a hypothetical reputation model
- Open-ended questions: reasons for ratings, advice
- Up to 40 in-depth interviews, 30-45 mins (video/F2F)
- Advanced statistical modelling of reputation drivers – both at the overall and granular levels to guide strategic and tactical responses and action planning



# Example reputation model & action mapping



A detailed reputation model, with strategic and tactical drivers of reputation mapped into priorities for action



This hypothetical example shows the Top 5 Drivers of reputation account for 75% of the organisation's overall reputation

TOP TEN DRIVERS OF REPUTATION	PERFORMANCE SCORE (% 7+/10)	IMPACT ON REPUTATION (%)	ACTION PRIORITY
Visibility and public profile	69	23	IMPROVEMENT PRIORITY
Its leadership and management	80	17	PRIMARY STRENGTH
Its communications and engagement	73	14	IMPROVEMENT PRIORITY
Ethics and governance	82	12	PRIMARY STRENGTH
Quality of the relationship with you	84	9	PRIMARY STRENGTH
Being customer focused	68	7	SECONDARY FOCUS AREA
Clarity of purpose and mission	69	4	SECONDARY FOCUS AREA
Being open and transparent	87	4	SECONDARY STRENGTH
Doing what it says it will do	59	3	SECONDARY FOCUS AREA
Being good to deal with	76	2	SECONDARY STRENGTH

Legend:

Key reputation drivers	Improvement priority	Primary strength
	Secondary focus area	Secondary strength
Low/no impact	Secondary focus area	Secondary strength

# AEMO's Stakeholder Segments

Up to 5 interviews in each of the following stakeholder segments identified by AEMO



**Consumer  
Advocates**



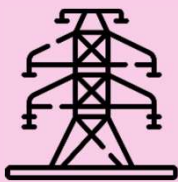
**Gentrailers**



**Industry  
Associations**



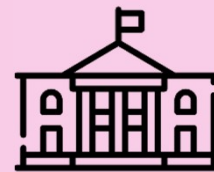
**Market Bodies**



**Networks  
(DNSPs & TNSPs)**



**Renewable  
Generators**



**Government  
(Departmental)**



**Government  
(Political)**

# Key Metrics and Attributes

## KEY METRICS

**AEMO's OVERALL REPUTATION**  
*(Overall rating of AEMO's reputation)*

**ADVOCACY**  
*(Likelihood of speaking well of AEMO)*

**TRUST IN AEMO**

To deliver on the NEO

To do what it says it will do

## KEY REPUTATIONAL ATTRIBUTES

Providing you with timely, accurate and easily understood **information**

**Working collaboratively** with other stakeholders to help shape Australia's energy future

Effective operation of Australia's energy market, that is, **keeping the lights on**

**Being transparent**

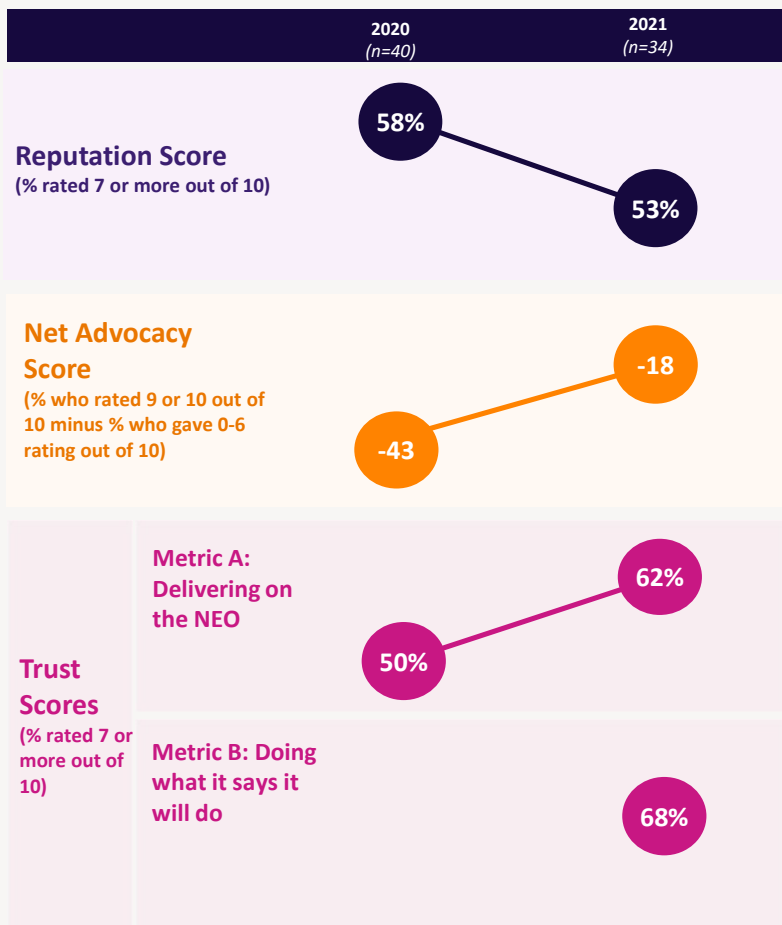
**Efficient energy market planning**, that is spending money on the right things

**Quality of your relationship** with AEMO

Efficient operation of Australia's energy market, that is, **providing value for money**

**Being accountable** to its members

# FY21 Results Overview



Performance against key reputation indicators (% who rated AEMO 7 or more out of 10)	2020	2021	Point change 2022 to 2021
Effective operation of Australia's energy market, i.e., helping to keep the lights on	90	97	+7
The quality of your relationship with AEMO	73	91	+18
Providing you with timely, accurate and easily understood information	54	71	+17
Efficient energy market planning, i.e., spending money on the right things	48	69	+21
Efficient operation of Australia's energy market, i.e., provides value for money	37	57	+20
Working collaboratively with other stakeholders to help shape and plan Australia's energy future	50	55	+5
Being transparent	35*	52	
Being accountable to its members		48	

NOTE:\* In 2020 this was one attribute 'being transparent and accountable'



# FY21 Results Overview

## Key things AEMO did well FY21

- 1. Listened:** AEMO was seen as having listened to stakeholders and taken action in a number of areas.
- 2. Core operations role:** It was doing a good job operating the market in a complex and changing environment. Stakeholders acknowledge its technical expertise and high quality data-driven reports and briefings.
- 3. Easier to deal with:** Improved approachability and responsiveness when dealing with individuals; some liked the single points of contact.
- 4. Improved engagement:** Improved approaches to stakeholder engagement, particularly for the ISP. Government stakeholders felt particularly well-supported.
- 5. New CEO:** Appointment of the new CEO was expected to bring change and was creating a sense of optimism.

# FY21 Results Overview

## Key opportunities for AEMO to improve

- 1. Address the 'scope creep' issue:** Expectation that the new CEO would clearly articulate AEMO's focus and address the issue of scope creep in the planning and policy area (a concern associated with the previous CEO). Collaborate more closely with the other market bodies on broader design and planning issues.
- 2. Speaking with one voice:** Demonstrate greater internal consistency in responses and decisions from different parts of AEMO – divisions, level of seniority, states. This would help provide certainty.
- 3. Further focus on cost implications of technical decisions for end-customers:** Address concerns that AEMO's approach is overly risk-averse when it comes to reliability and security, and sometimes over-ambitious. Also keep an eye on AEMO's own costs.
- 4. Connections:** Continue to focus on addressing this issue by more clearly articulating constraints, demonstrating empathy and appreciation for commercial issues and ensuring a more consistent approach.
- 5. Simplifying written reports:** Focus on providing concise, plain-English summaries and infographics.
- 6. Engagement:** Continue embedding improvements to engagement and make this a core and consistent part of everyone's responsibility. Genuinely engage with industry and don't arrive with pre-determined solutions. Co-design and facilitate innovation. Be more transparent in decision-making and ensure feedback loops are in place.
- 7. Timeliness:** Consider ability to meet deadlines and communicate early if these will not be met. Avoid getting bogged down in minor detail.

# Next Steps - Current timeline for FY22

1

## ESTABLISHMENT WORKSHOPS

Establishment workshop to confirm:

- research objectives
- stakeholder segmentation and target list
- recruitment approach
- reporting needs
- timing

2

## MATERIALS DEVELOPMENT

Review and refine metrics and question lines, finalise preliminary reputation model

3

## STAKEHOLDER RESEARCH

Up to 40 stakeholder interviews – face-to-face or by video

Some 'pilot interviews' to fine-tune the metrics for inclusion in the model

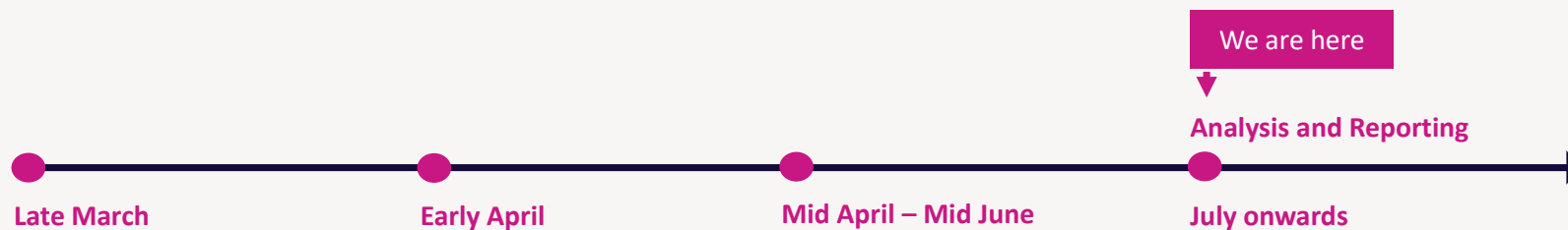
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## ANALYSIS AND REPORTING

Analysis including statistical modelling of reputation drivers

Topline, draft and final report, with presentation / workshop

Summary report to be published by AEMO





**Thanks for your time today**

# Update on gas & electricity supply challenges, compensation calculation and approach to reporting

Chris Muffett



# June 2022 event: compensation update



Chris Muffett, Manager Wholesale Reform Delivery

# Intervention summary – Wk25

Settlement Day	Sunday 12 June	Monday 13 June	Tuesday 14 June	Wednesday 15 June	Thursday 16 June	Friday 17 June	Saturday 18 June
Directions		[Yellow bar]					
Administered Pricing	Qld only	Qld, NSW, Vic, SA					
Market Suspension				MSPS in all regions			
RERT			NSW	NSW, Qld		NSW	
Intervention Pricing (AP/EP)		[Teal bar]					



# Intervention summary – Wk26

Settlement Day	Sunday 19 June	Monday 20 June	Tuesday 21 June	Wednesday 22 June	Thursday 23 June	Friday 24 June	Saturday 25 June
Directions	[Yellow bar]						
Administered Pricing	Qld, NSW, Vic, SA				Qld, NSW, Vic		
Market Suspension	MSPS in all regions					Dispatch pricing	
RERT							
Intervention Pricing (AP/EP)	[Teal bar]						

# Indicative timing

	June	July	From August	November – January (see note below)
Directions	Period of the event: • 12 June onwards • Wk25, Wk26 so far	Provisional compensation, final statement: • Wk25: 13 July • Wk26: 20 July		Additional compensation, revision statement: • Wk25: 1 November (R1), 12 January (R2) • Wk26: 8 November (R1), 19 January (R2)
Administered Pricing		From July: Compensation awarded for direct costs	Compensation settled, final statement TBD	
Market Suspension		Provisional compensation, final statement: • Wk25: 13 July • Wk26: 20 July		Additional compensation, revision statement: • Wk25: 1 November (R1), 12 January (R2) • Wk26: 8 November (R1), 19 January (R2)
RERT		Payment to providers, final statement: • Wk25: 13 July • Wk26: 20 July		
Intervention Pricing (AP/EP)		Provisional compensation, final statement: • Wk25: 13 July • Wk26: 20 July		Additional compensation, revision statement: • Wk25: 1 November (R1), 12 January (R2) • Wk26: 8 November (R1), 19 January (R2)

Note: timing set out in the [Intervention Settlement Timetable](#)

# Compensation recovery



- For each compensation mechanism, recovery needs to be performed to provide funding for:
  - The net compensation amount
  - Interest amounts payable
  - Administration and independent expert costs
- Apportioned to Market Customers based on energy in the relevant region (regional benefit factor or cost recovery region)
- Settled at the same time as compensation is paid (previous timing slide)

# Information provided so far

- AEMO has created a landing page for the June 2022 event:
  - <https://aemo.com.au/en/energy-systems/electricity/national-electricity-market-nem/nem-events-and-reports>
- The following information has been published:
  - Market Suspension FAQ
  - Information Sheet on lifting suspension
  - Compensation Mechanism briefing slide pack
  - RERT activation estimate reports for 14, 15, and 17 June 2022
  - Compensation update for provisional compensation amounts

# Further reporting

- Several reporting processes will be involved:
  - [Power system operating incident reports](#) – any reviewable incidents
  - [RERT](#):
    - Activation estimates report (5 business days)
    - Contracted provider report (20 business days)
    - Quarterly report (mid-August)
  - [Frequency reports](#) – any frequency deviations
  - [Lack of Reserve Framework reports](#) – LOR operation
  - [Direction reports](#) – directions issued
  - Market Suspension event review
  - AEMO intends to also publish an overarching report on the market suspension and related events
- Compensation updates as information becomes available

# Compensation recovery amounts known so far

Recovery region	Qld	NSW	Vic	SA	Tas
Directions (provisional compensation only)	\$1.0m	\$0.6m	\$0.4m	\$0.1m	-
Administered Pricing	No costs identified yet				
Market Suspension (provisional compensation only)	\$2.0m	\$2.6m	\$1.9m	\$0.5m	-
RERT (final recovery)	\$4.2m	\$81.6m	-	-	-
Intervention Pricing (provisional compensation only)	No costs identified yet				



# 2022 ISP publication





# Agenda

- Consultation on the Draft ISP
- Changes from the Draft ISP
- Scenarios and weightings recap
- ISP Development Opportunities (VRE, storage and gas-fired generation)
- Renewable Energy Zones
- Actionable and future ISP Projects
- Questions

*This content was presented to a public forum on 7 July (recording available). We intend for this session to be more conversational and can spend extra time on topics of particular interest to attendees.*

# Consultation on the Draft ISP



## Stakeholder submissions

- **78 submissions**
- Draft ISP: 75
- Draft ISP addendum: 3



## Broad stakeholder engagement

- Two public forums
- Q&A session
- Consumer verbal submission



## Consumer risk preferences

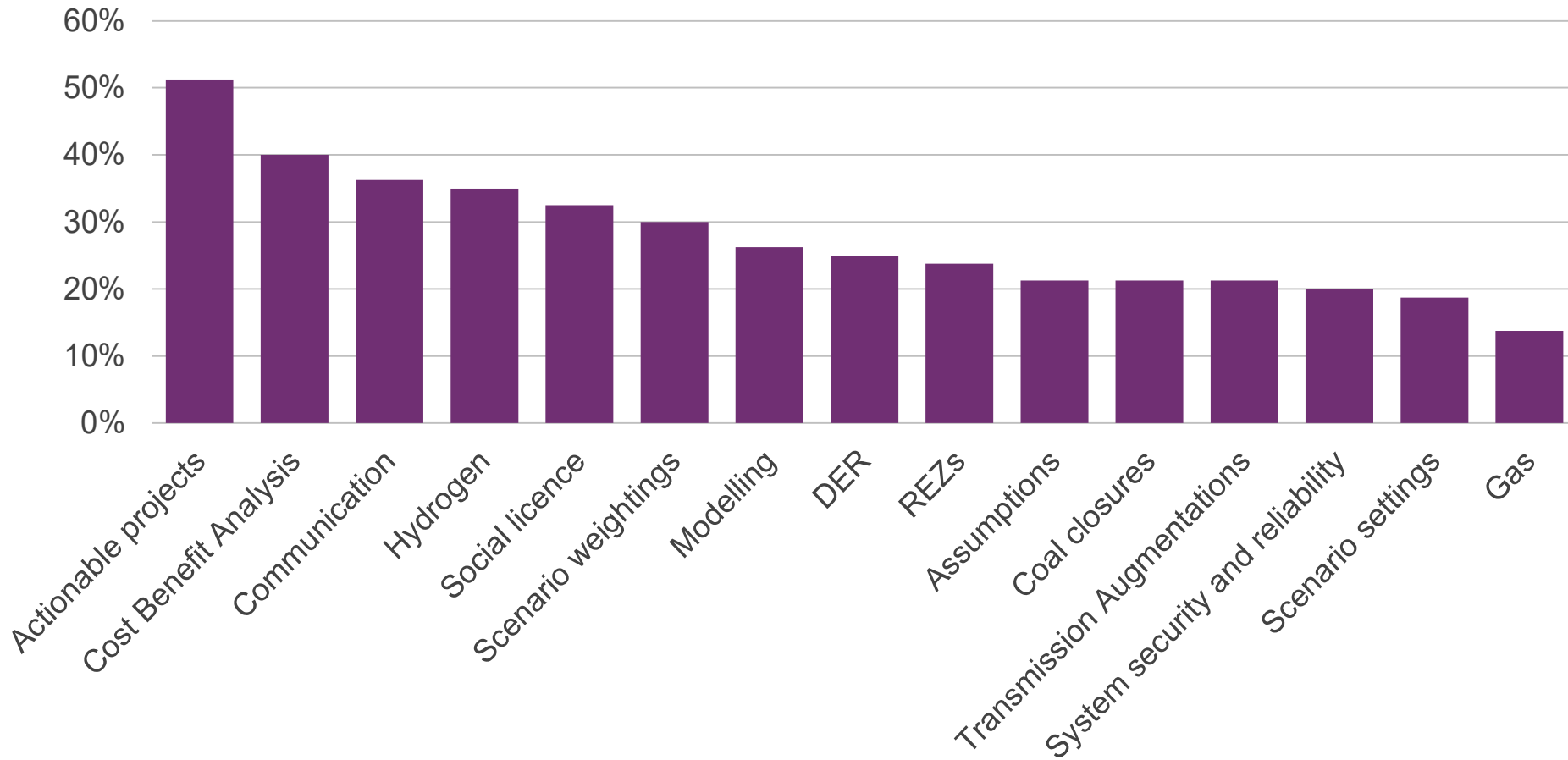
- Targeted engagement with energy consumer advocates



## Stakeholder responses

- **Draft ISP Consultation Summary Response** report outlines stakeholder submission considerations

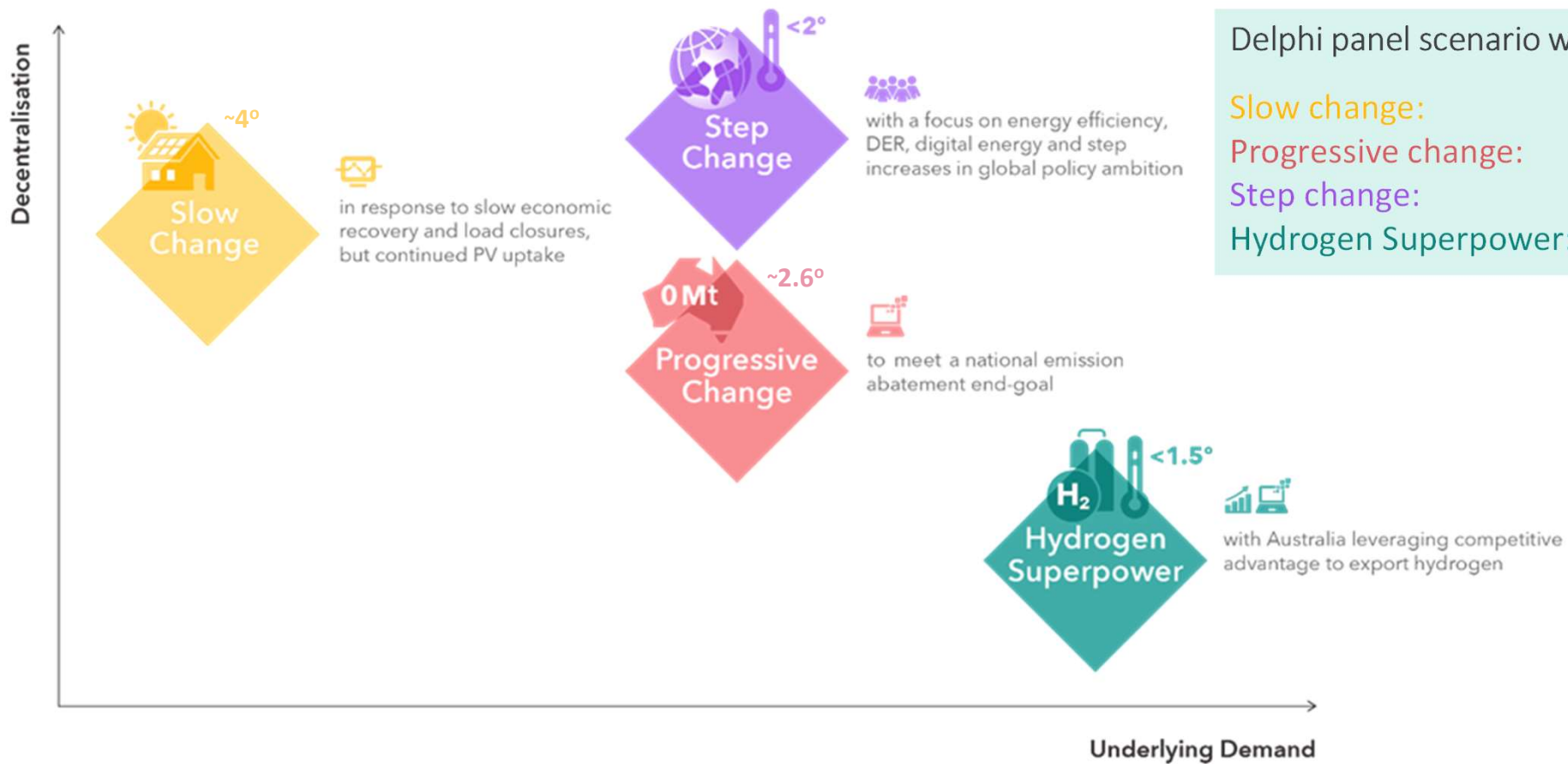
# Key issues raised in ISP submissions



# Changes from the Draft 2022 ISP

- The Optimal Development Path provides a resilient and robust transmission plan.
- Since the Draft ISP, AEMO has conducted **additional sensitivities, distributional effects** analysis, **expanded climate resilience modelling**, demonstrating that:
  - **Actionable projects should be progressed as soon as possible**
  - **Decision Rules** have been removed, yet consumer protections with project staging remains
  - **Marinus Link** delivery timing has been updated
  - **Sydney Ring** and **New England REZ Transmission Link** will progress via the NSW Infrastructure Roadmap
  - **Preparatory Activities** declared for additional future ISP projects

# Scenarios and their weightings

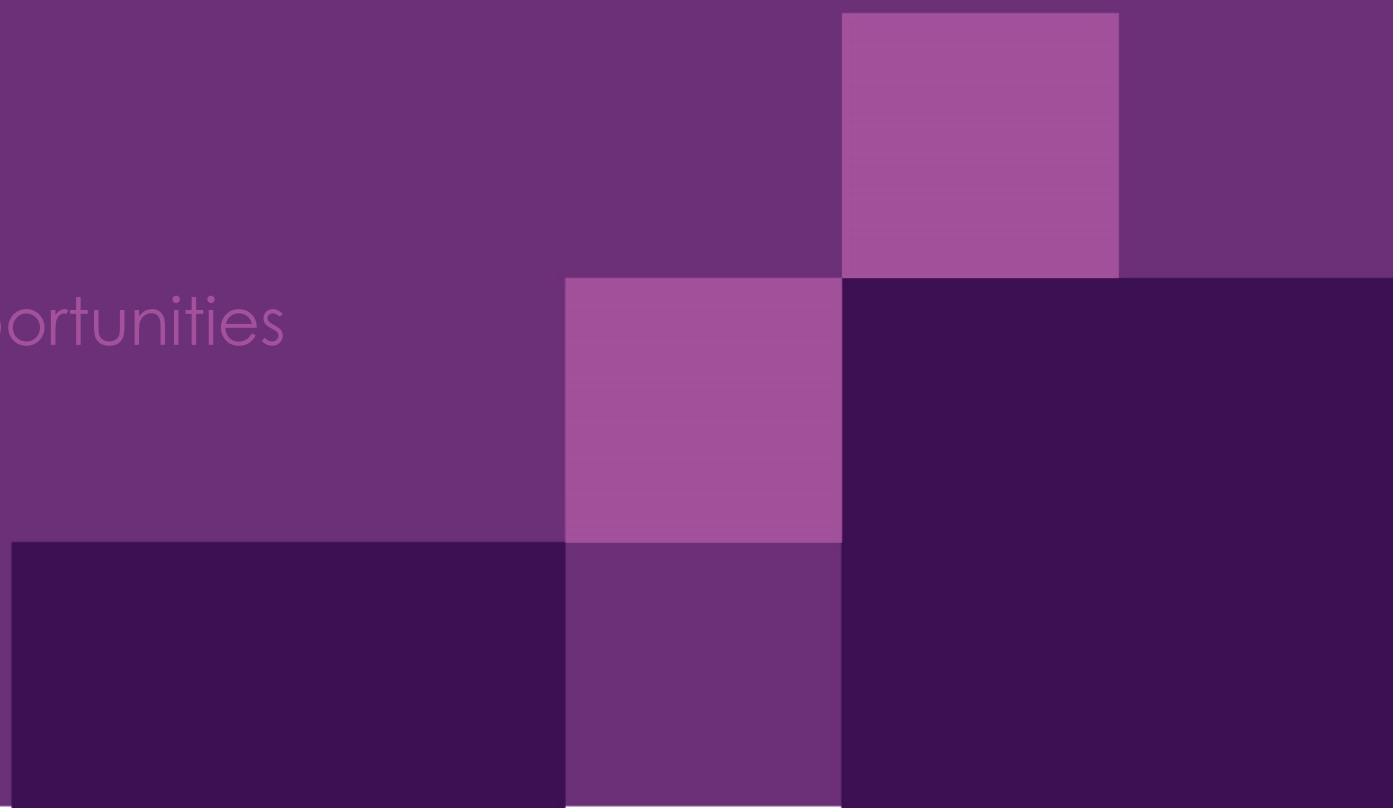


Delphi panel scenario weightings:

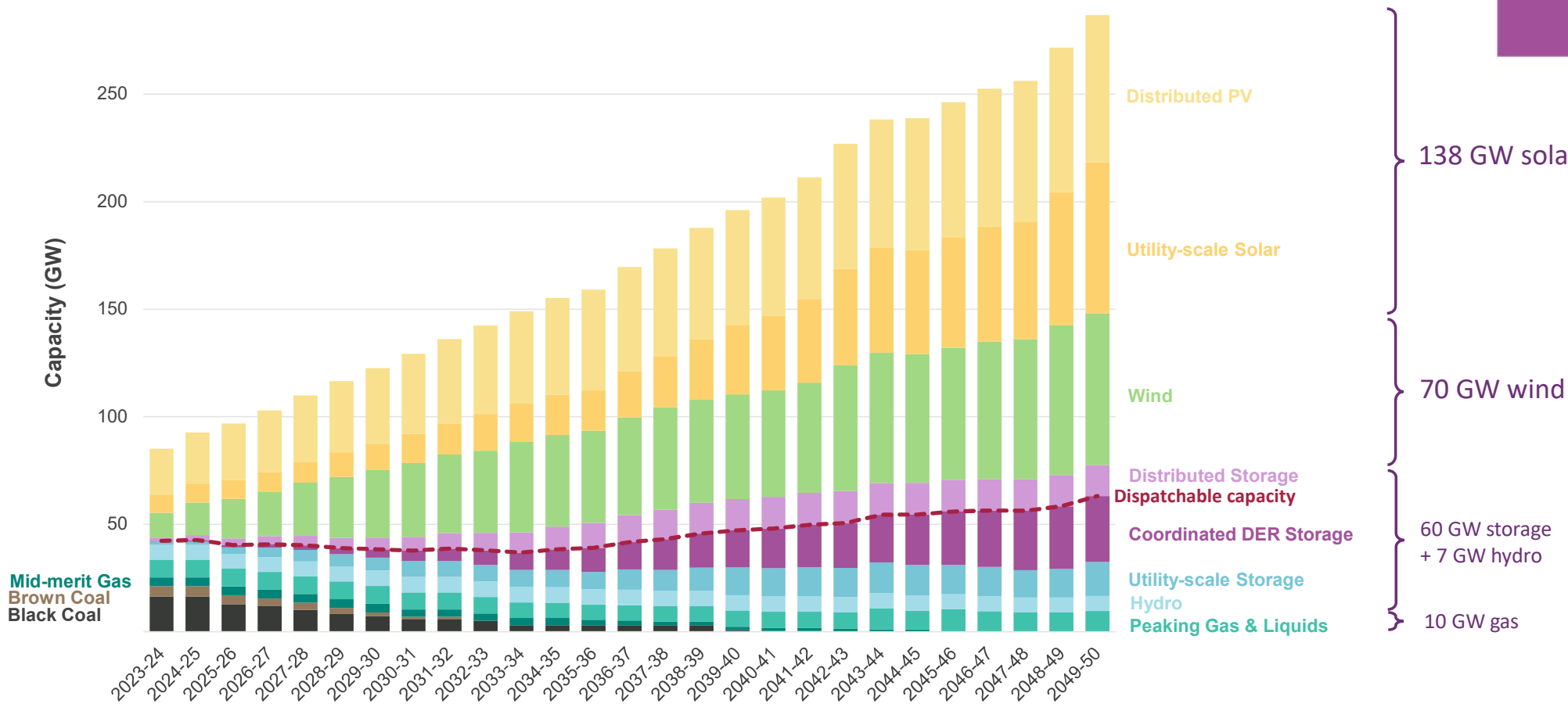
Slow change:	4%
Progressive change:	29%
Step change:	50%
Hydrogen Superpower:	17%

# Capacity mix of the future NEM

ISP Development Opportunities

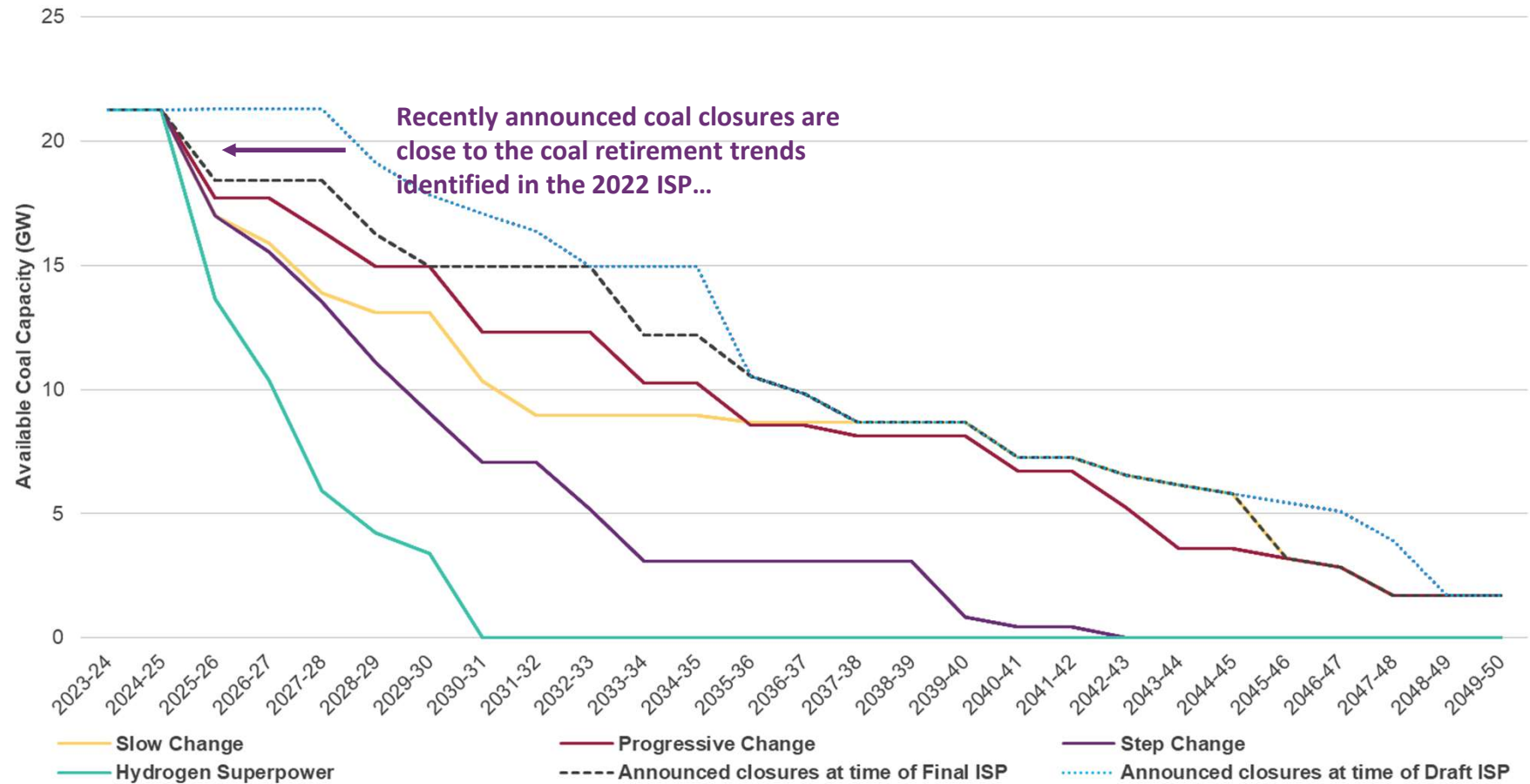


# Renewable capacity to at least double every decade from now to 2050...

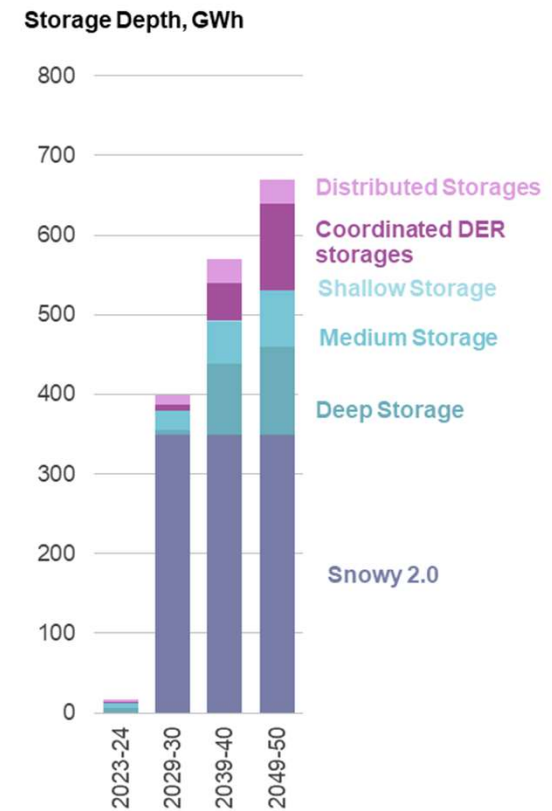
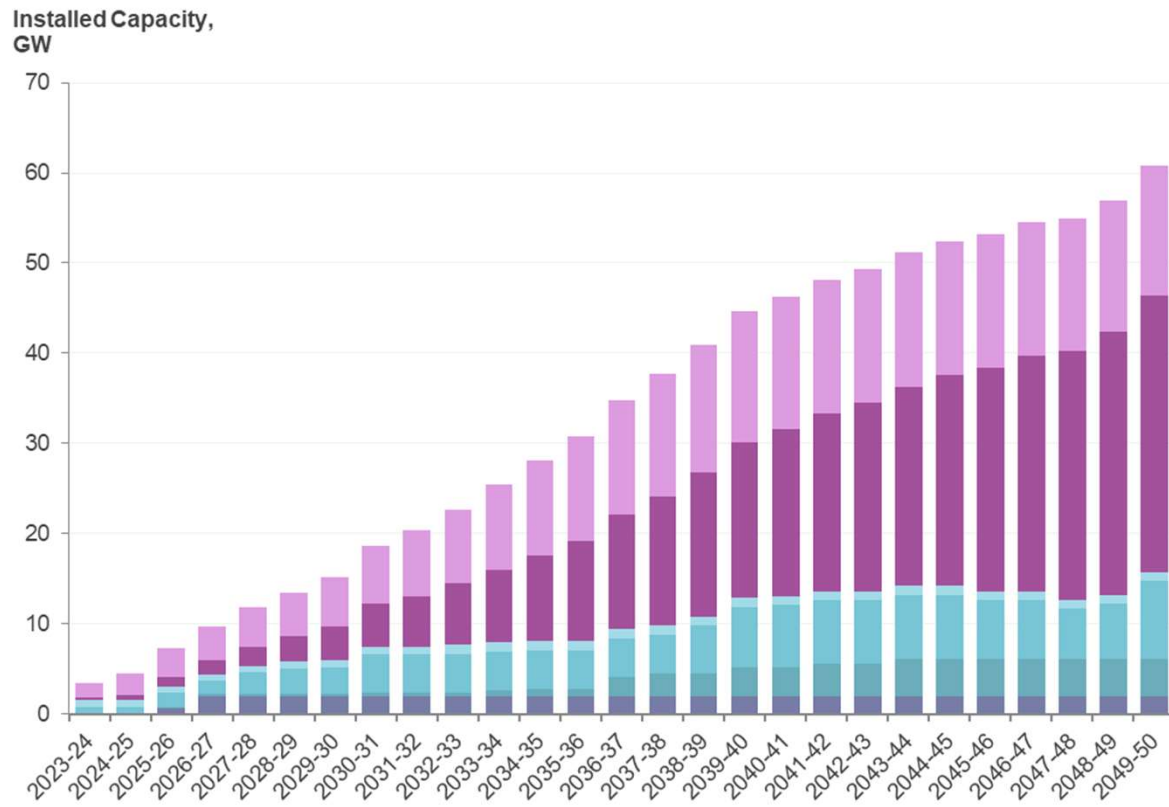




# ...coal likely to withdraw within the next decade or two...



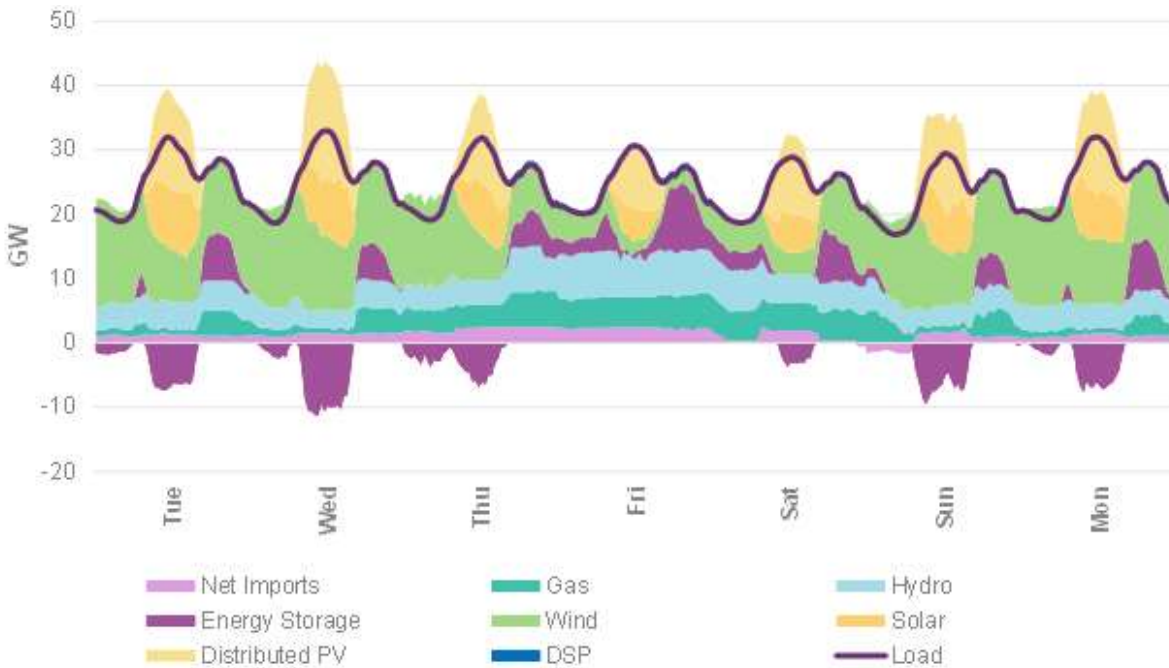
# ...requiring firming capacity from storage of all depths...



...as well as from gas generation to help address dark and still periods.



Example of winter operability across VIC, NSW, SA & TAS in a low VRE period in 2040

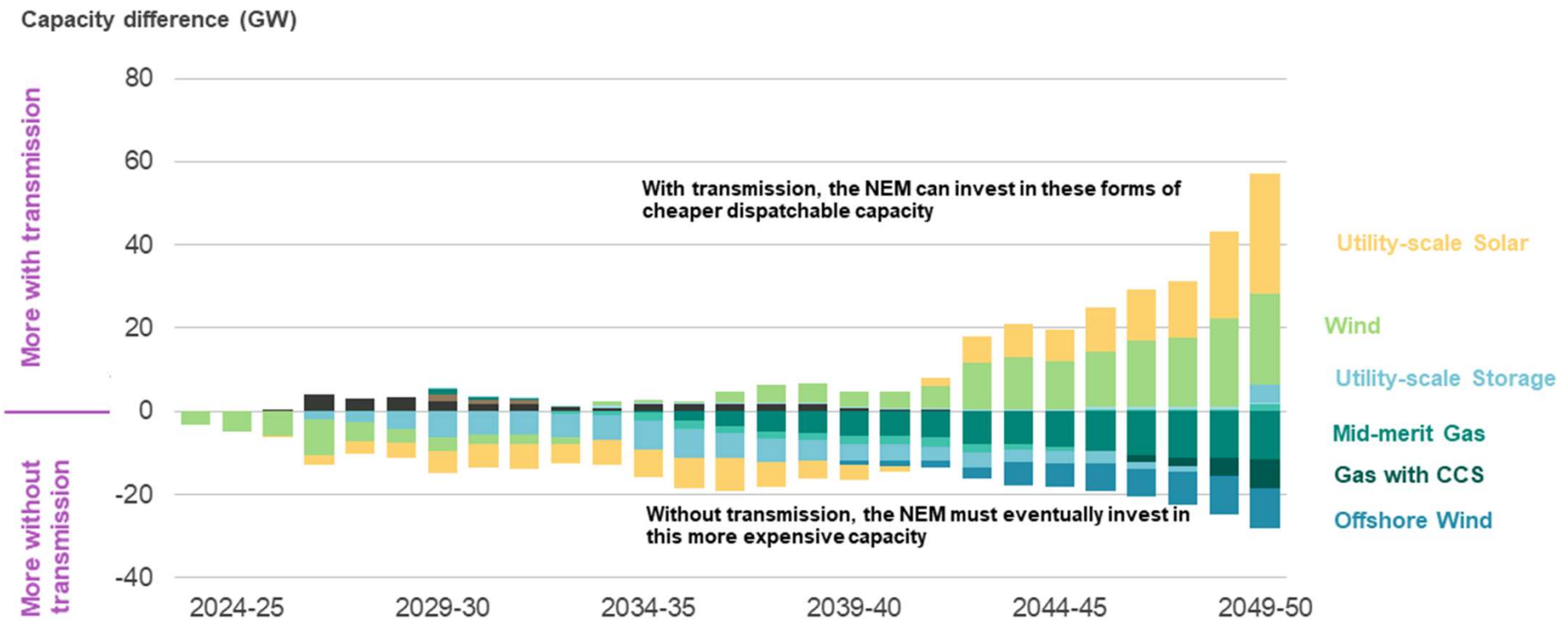


Length of runs of gas-fired generation

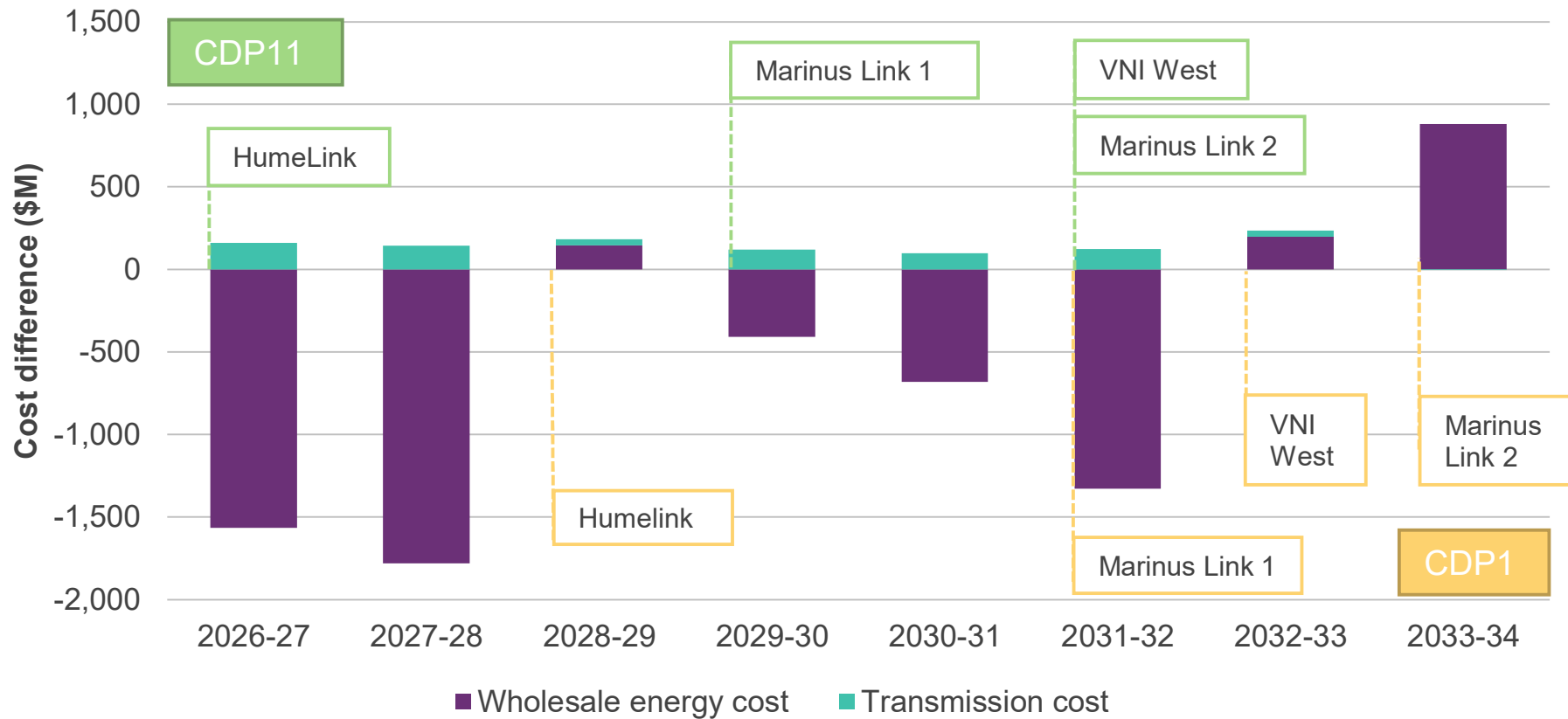


*While the length of typical gas generation operation may extend to cover periods of low renewable generation, the frequency of these dark and still events is also low with greater resource diversity.*

# Transmission enables more efficient capacity development in the NEM...



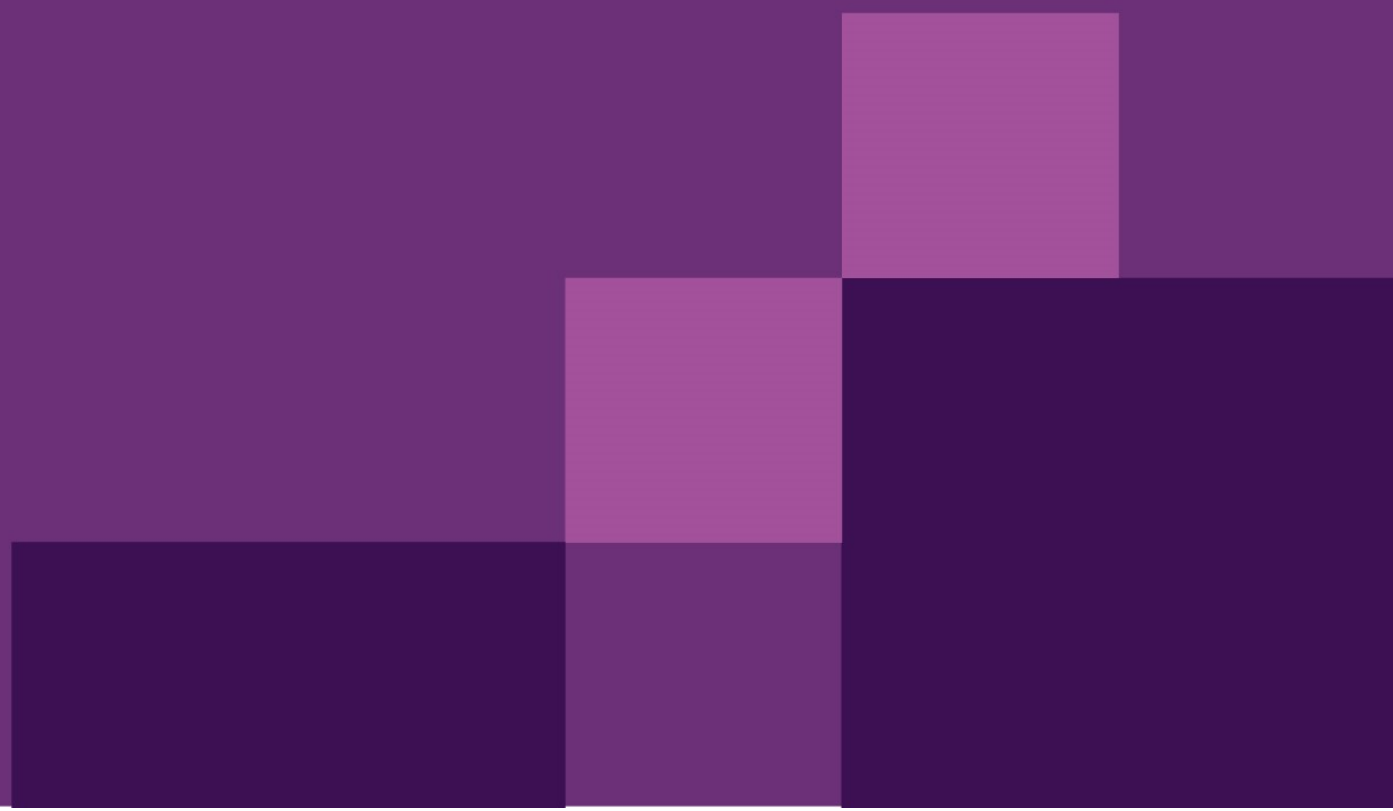
# ...and potential savings in wholesale energy cost far outweighing the additional cost of early transmission



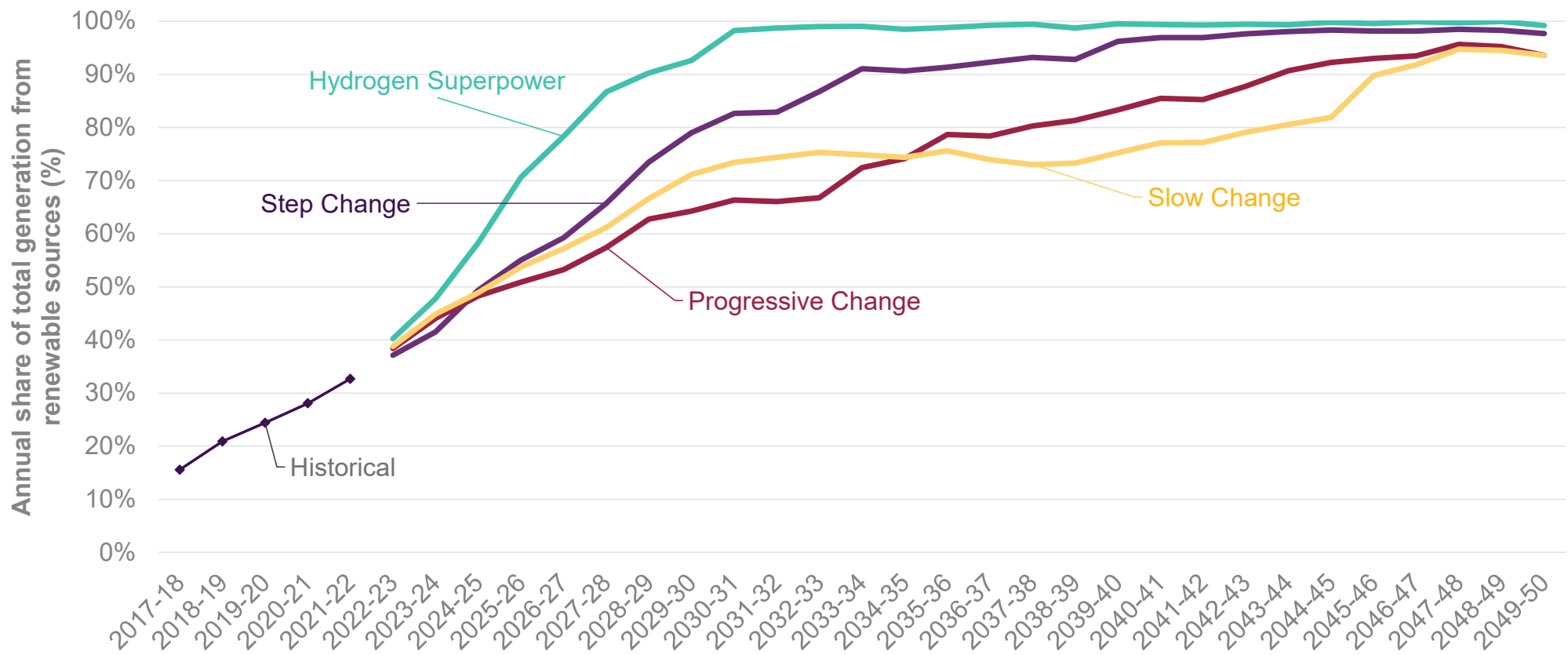
The timings of major augmentations in each CDP are denoted by the coloured labels showing the years in which they become operational.



# Renewable Energy Zones

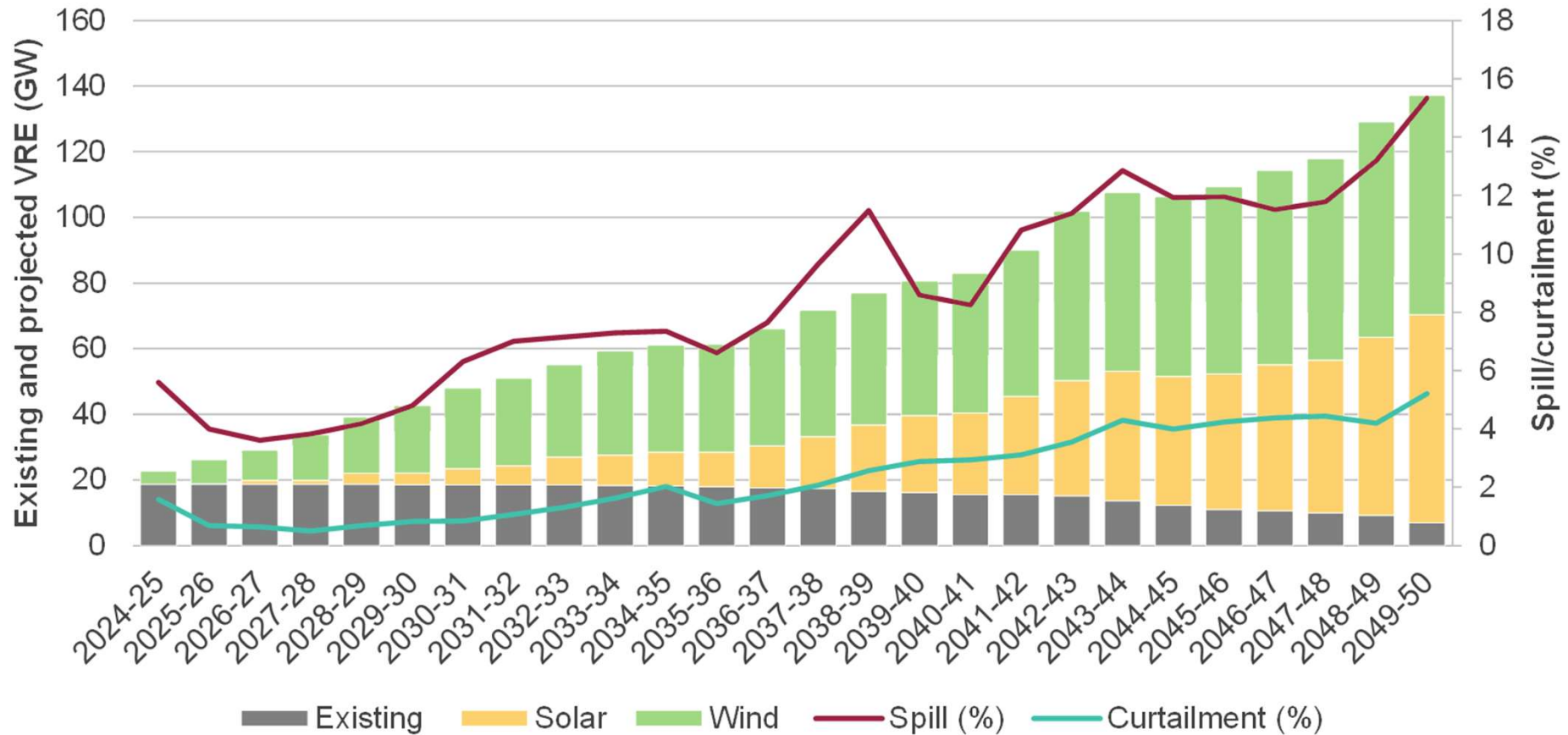


# The NEM is continuing its transformation to higher levels of renewable energy output

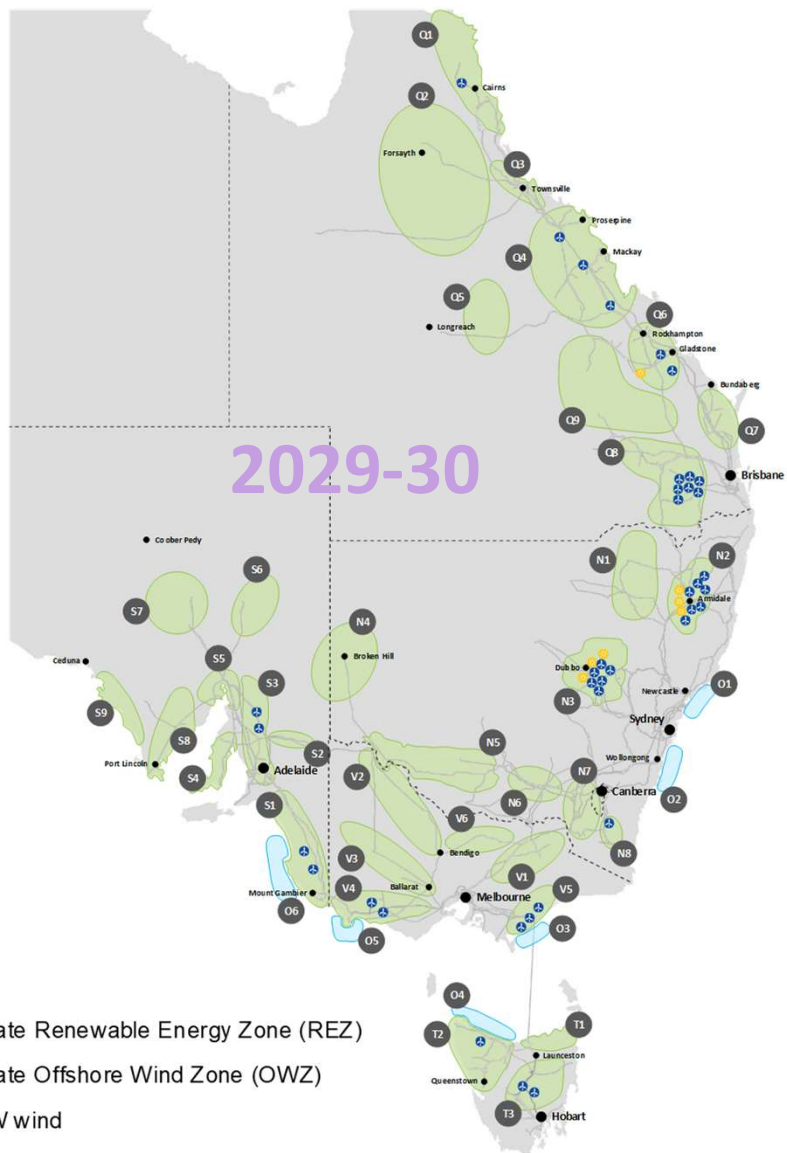






# Curtailment and spill will be efficient

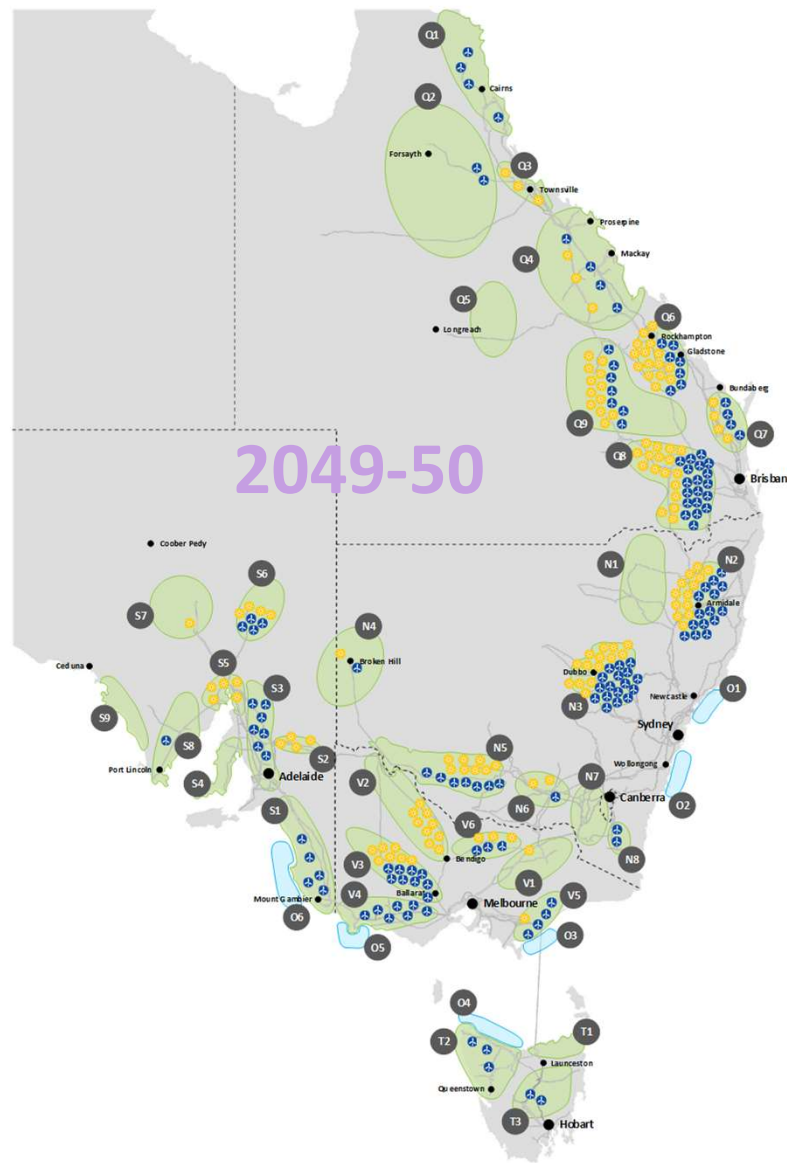
Projected utility-scale VRE in REZ for the NEM, economic spill and transmission curtailment







-  Candidate Renewable Energy Zone (REZ)
-  Candidate Offshore Wind Zone (OWZ)
-  500 MW wind
-  500 MW solar



### Queensland

- Q1 Far North QLD
- Q2 North Qld Clean Energy Hub
- Q3 Northern Qld
- Q4 Isaac
- Q5 Barcardine
- Q6 Fitzroy
- Q7 Wide Bay
- Q8 Darling Downs
- Q9 Banana

### New South Wales

- N1 North West NSW
- N2 New England
- N3 Central-West Orana
- N4 Broken Hill
- N5 South West NSW
- N6 Wagga Wagga
- N7 Tumut
- N8 Cooma-Monaro

### South Australia

- S1 South East SA
- S2 Riverland
- S3 Mid-North SA
- S4 Yorke Peninsula
- S5 Northern SA
- S6 Leigh Creek
- S7 Roxby Downs
- S8 Eastern Eyre Peninsula
- S9 Western Eyre Peninsula

### Victoria

- V1 Ovens Murray
- V2 Murray River
- V3 Western Victoria
- V4 South West Victoria
- V5 Gippsland
- V6 Central North Victoria

### Tasmania

- T1 North East Tasmania
- T2 North West Tasmania
- T3 Central Highlands

### Offshore

- O1 Hunter Coast
- O2 Illawarra Coast
- O3 Gippsland Coast
- O4 North West Tasmanian Coast
- O5 Portland Coast
- O6 South East SA Coast



# 2022 ISP Optimal Development Path

Actionable and future ISP Projects



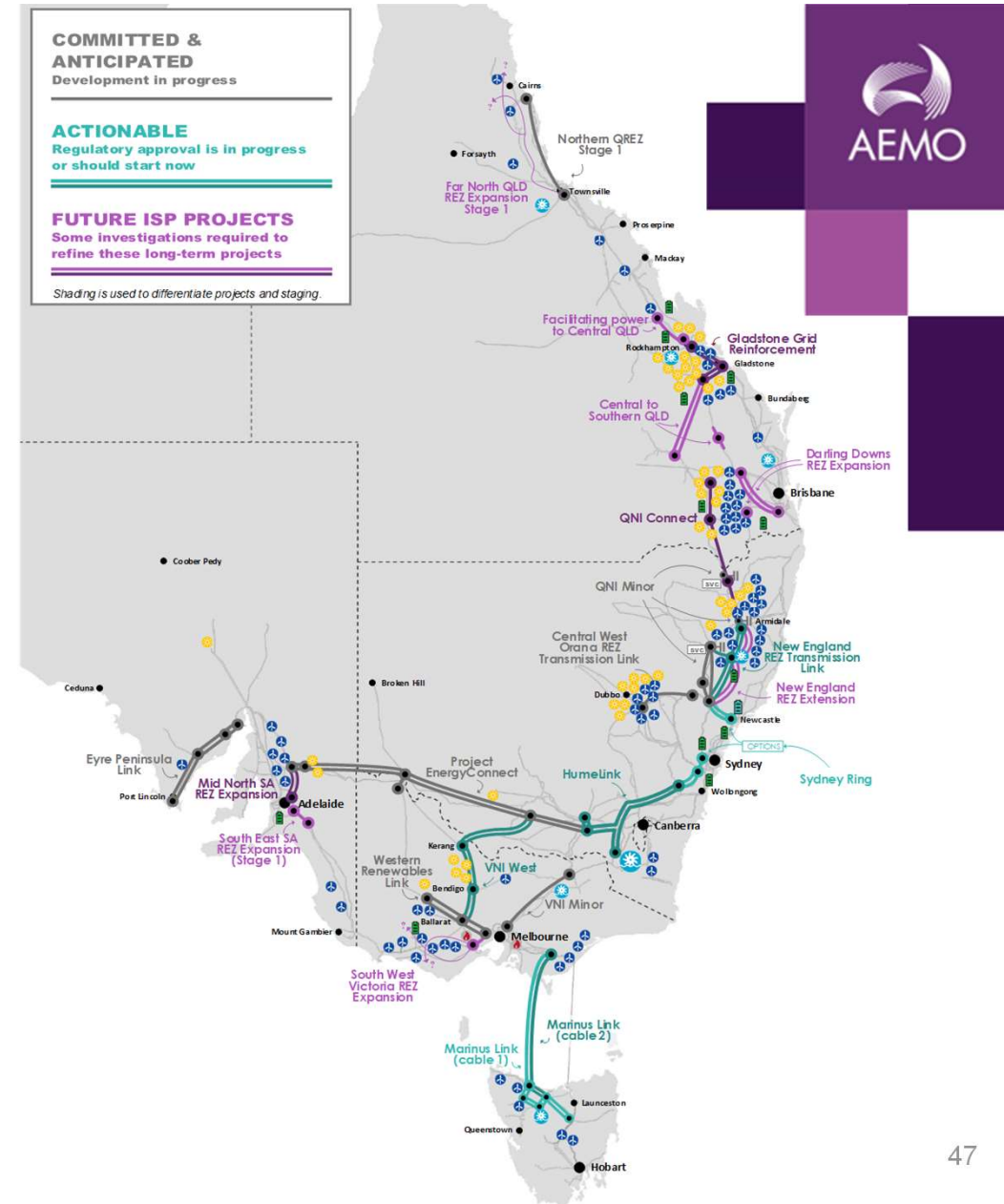
# The optimal development path enables an efficient transition

The optimal development path (ODP) delivers **≈\$28 billion** in net market benefits

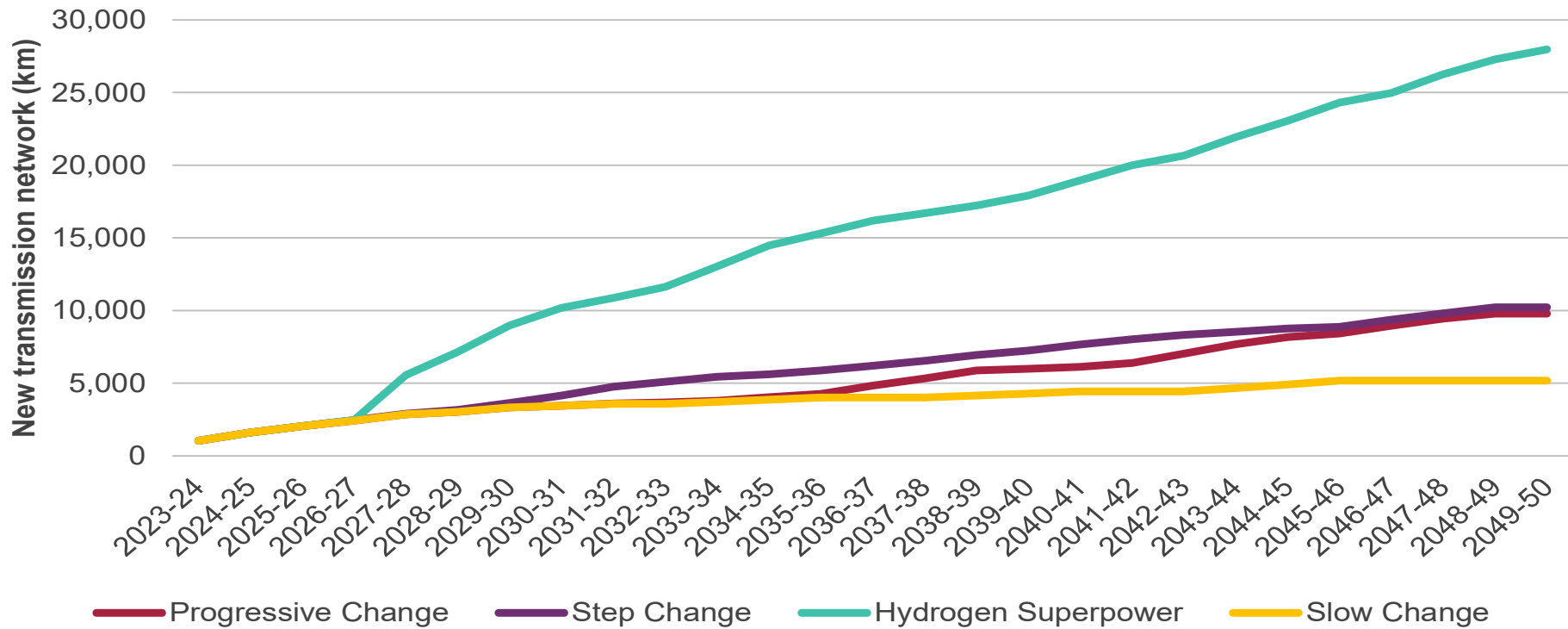
Provides **investment certainty** and **flexibility** to reduce emissions faster if needed

Helps mitigate risks of earlier coal closures, delayed generation, storage and transmission developments

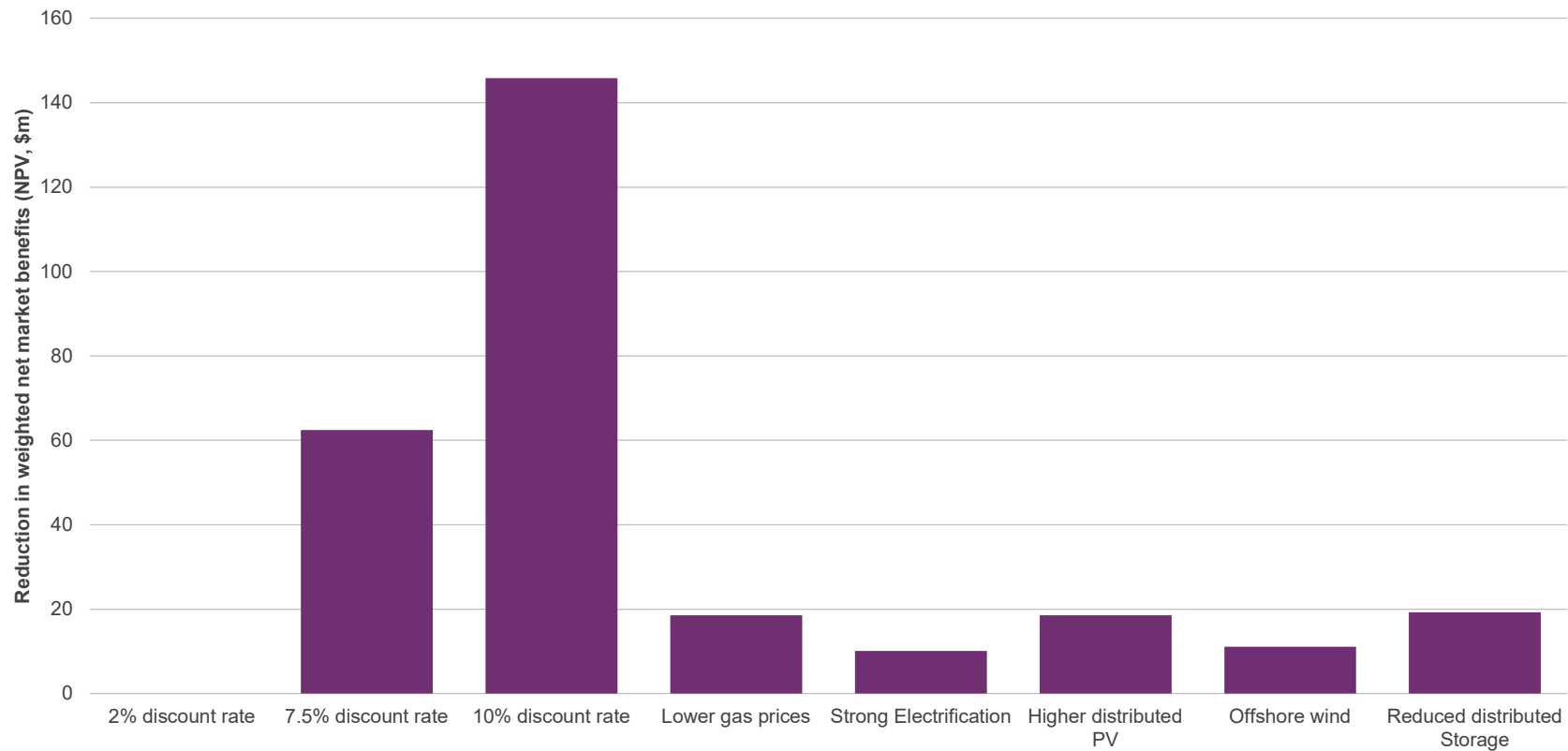
This optionality comes at almost no cost to consumers (\$3 million)



# ODP identifies 10,000 km of new transmission



# ODP is also robust to sensitivity testing



# Next steps – Developing the 2024 ISP

- Consultation on scenarios to be used in the 2024 ISP began on 13 July.
- AEMO will shortly call for expressions of interest for the 2024 ISP Consumer Panel.
- AEMO will also soon publish a Draft 2024 ISP Engagement Strategy for stakeholder comment.
- First statutory obligation of the 2024 cycle is the publication of the ISP Timetable (by 30 September 2022).

# Other business & close

