

FIVE-MINUTE SETTLEMENT PROGRAM: INFORMATION SESSION #1

Information session notes

Meeting Number: 1
 Date: Thursday 24 May 2018
 Time: 1.00 am – 5.00 pm (AEDT)
 Location: AEMO Offices and Teleconference
 Contact: 5ms@aemo.com.au

AEMO REPRESENTATIVES:

NAME	POSITION/ROLE	LOCATION
Chin Chan (Chair)	Group Manager Market Manager	Melbourne
Graeme Windley	5MS Program Manager	Melbourne
Hamish McNeish	5MS IT Manager	Brisbane
Chris Muffett	5MS Business Lead	Sydney
Lee Brown	Specialist Market Design and Development	Melbourne
Annebelle Horkan	5MS Project Coordinator	Melbourne

MATERIAL PRESENTED

AEMO representatives presented the slide pack as attached.

QUESTIONS AND ANSWERS

The following questions and answers were captured during the information session.

#	Question	Answer
1	What is the impact of 5MS to network billing?	Any impact to network billing is not within the scope of AEMO's program.
2	Are Prudentials in scope?	Yes, the impact to Prudentials will be considered as part of the 5MS program, and AEMO will be consulting with the industry on changes to the Estimation Policy (used for Prudential assessment) and the Credit Limits Procedure
3	Will the 4 week settlement cycle be reviewed?	Changing the current settlement cycle is not in the 5MS program scope.
4	Are all of the 70 procedures and guides been allocated to work packages?	Yes, AEMO has allocated each of the 70 procedures and guides to work packages. Work packs generally consist of 3-10 procedures and supporting documents
5	Is there going to be a standardised process on how you take legacy 30-minute data and translate it to 5-minute data?	The profiling of 30-minute data to five-minute data will be covered as part of the Metrology Procedure, which AEMO will be consulting on with the industry.

6	How will participation for working groups work?	<p>For the PCF, AEMO is seeking engagement with program representatives in industry organisations – these would be people responsible for delivery of changes within industry organisations. For the EF, AEMO is seeking Executive level representatives, who have overall responsibility and decision-making for the operational areas impacted by 5MS.</p> <p>For the PWG, AEMO is seeking subject matter experts to assist in developing changes to procedures. AEMO expects to form a number of focus groups (e.g. metering, settlements, dispatch) and also is considering using existing working groups to assist.</p>
7	Will there be a go/no-go decision?	<p>AEMO is mindful that the rule change has been made, and takes our responsibility for compliance very seriously. We have not contemplated a go/no-go decision, but are aware there are some areas of risk to go-live. AEMO will be seeking to identify key go-live risks, and work with the industry to mitigate these. AEMO understands that industry readiness is a key aspect of successfully implementing 5MS, and will be looking to have further engagement with the industry on what role AEMO could play in industry readiness. The Executive Forum will also be an important communication channel on significant readiness issues and risks.</p>
8	With readiness occurring in 2020, any strange results may take time to analyse, or flaws may be raised that we can't deal with. How will this be managed?	<p>Early engagement with the industry and conversations regarding key risks will help identify options to be put in place to make the process and transition easier. This will assist in early warning of issues. A risk mitigation could be the need for a systems sandbox prior to provision of preproduction system environments.</p> <p>Industry testing and Market trials phases are planned to help identify issues, for instance participants not being able to effectively participate in central dispatch.</p> <p>Another area we recognise is the shift from 30 min meter data to 5-minute meter data, from AEMO's perspective we think there is an option allowing meter data providers to provide 5-minute meter data prior to go- live.</p>
9	Do you have the forecast of the full cost for AEMO, presumably this is at some point going to hit market fees?	<p>No figure yet – AEMO is looking at processes and system design, this will give better understanding of what that will be. Recovery period will be spread over a number of years.</p>
10	Will AEMO require all metering data?	<p>The global settlement rule does require AEMO to have metering data for all connection points. If we continued the settlement by difference mechanism we wouldn't require all data.</p>
11	Under current arrangements the local retailer has involvement in the metering for transmission connection points – how would this work under global settlement if the role is removed?	<p>This matter should be raised during the rule change consultation.</p>

12	Will unmetered loads still be with local retailers - how will this be treated within Global Settlements?	AEMO have considered proposals in the high level design. We expect that this will be raised during the rule change consultation
13	We are concerned about the scope to change to systems- POC focused on high priority transactions – is 5MS opening up too many things at once?	The scope of change will be discussed with the industry through the various forums and working groups – AEMO appreciates any feedback on opportunities to reduce risk by better managing scope.
14	Is there a risk with the implementation of 5MS and Global Settlement IT systems occurring on the same day?	The feedback received indicates broad support for 5MS and GS being implemented in parallel, but we certainly expect that this will be a key question during the rule consultation.
15	Will 5MS and GS have the same working groups (PCF AND EF)?	Yes, AEMO believes it makes sense to have both 5MS and GS considered by the same groups. We are keen to get feedback and are open to discussion from the industry about issues regarding that arrangement. There will be no separate program, the Executive Forum and PCF would be common to both.
16	Will there be one working group covering Customer data and Distributed Energy Resources (DER) register?	These initiatives are being managed as separate activities within AEMO and across the industry. The 5MS program will certainly need to understand the linkages between projects, including system and procedure dependences.
17	What is the risk that these projects will likely use the same resource of people?	We acknowledge there is a risk of common SMEs being involved across multiple initiatives, and appreciate feedback on how to best manage this.
18	How will the 15 work packages and settlement documents be delivered?	For each package AEMO will work through a process of impact assessment and initial consultation to identify the key changes and any areas of concern or optionality. Once this has been done, AEMO will then conduct the formal procedure consultation.
19	What is the intended decision-making process if opinions are divided? Is there a rule in place to ensure decisions are timely decisions?	The forums (EF and PCF) are not decision-making forums – their objective is to discuss options to understand participant’s views. As with the usual process of procedure consultation, AEMO will weigh up the different views and make a decision that we believe best aligns with the objectives (including the National Electricity Objective)
20	Does AEMO intend on engaging with a broader range of stakeholders, including the financial sector?	AEMO understands the importance of communication with all parties that are directly and indirectly affected – more information sessions will be held throughout project, which will allow people from financial industry to be involved.
21	What role will the ASX have in the program?	Both AEMO and ASX have observer roles in the AFMA Electricity Committee who are looking at establishing a working group for 5MS. AEMO has already had one on one discussions with the ASX regarding provision of pricing information, and impact to existing

		futures products. AEMO would be open to ASX participating directly in forums and working groups if appropriate.
22	Are you going to put together a pack about overall benefit, and overall industry cost of program?	No. AEMO is not tasked with assessing the benefits or total cost to the industry – this was considered by the AEMC during the rule change.
23	What is the feedback loop to the AEMC? How will readiness issues be raised to the AEMC?	AEMO will seek guidance from the AEMC in regards to clarifying the policy intent during the program. Participants should raise any concerns directly to the AEMC. At this stage AEMO has not been asked to report on industry readiness, but this will be discussed with the industry.
24	Will the changes increase bidding volatility rather than decrease it? As participants react to bidding changes in a 5 minute interval.	AEMO understands that there may be some impact of 5MS to price volatility, as identified by the AEMC during the rule change.
25	Will there be additional controls to monitor bidding in good faith?	There are some minor changes to bidding guidelines that are expected for 5MS (mainly around timing of rebids), but no other changes or controls have been detailed in the rule change.
26	Will AEMO provide fact sheets to assist participants?	Yes – AEMO will be looking at publishing fact sheets at appropriate times to help communicate the changes to the broader industry.
27	Why is SRA proposed as the first procedures to be consulted on?	Changes to SRA are a priority due to the timing of the auction process. Auction units for the period after 5MS commencement (2021Q3) are being auctioned in September 2018, and so it is important for AEMO to inform auction participants on the changes to the calculation of settlement residue.
28	Should participants attend all 5MS forums?	AEMO encourages participation at the appropriate level based on the level of impact to each business – AEMO understands that smaller organisations may not be able to attend all forums and working groups (due to time and resources).
29	Will Vendors be able to attend SWG sessions?	Yes – AEMO is open to product vendors and solution providers attending if there is a benefit to participants.
30	What are the next steps and what is AEMO seeking from participants from this session?	<p>The next steps are:</p> <ul style="list-style-type: none"> • Consider the Terms of Reference for the PCF and EF (to be published shortly), and provide nominations for the forums • Review the draft Terms of Reference for the PWG, and provide feedback on the proposed approach. • Stay tuned for establishment of the SWG <p>AEMO welcomes any feedback on the program as presented, including the proposed timelines and approach to workstreams.</p>

APPENDIX 1: INDUSTRY ATTENDEES

The following is a list of the industry organisations that accepted the invitation to attend the information session.

Acciona Energy Oceania	Energy and Water	Public Interest Advocacy
ActewAGL	Ombudsman (Victoria)	Centre
Active Stream	Energy Australia	Qenergy
Acumen Metering	Energy Consumers Australia	Queensland Electricity
AGL Energy	Energy Market Matters	Users Network
Alinta Energy	Energy Networks	Red Energy
APA Group	Association	SA Power Networks
ARC Utilities Management	Energy Queensland	SA Water
Arena	Energy Reform Consulting	SavvyPlus Consulting
Arrow Energy Trading	Energy Synapse	Scentre Group
ATCO Australia	EnerNOC	Secure Meters (Australia)
Au Energy	Engie	Select Data and
Aurora Energy	Equis Energy	Measurement Solutions
Ausgrid	Ergon Energy	Serviceworks Management -
AusNet Services	ERM Power	Computershare
Australian Energy Council	Essential Energy	SGP Consulting
Australian Energy Market	Etrog Consulting	Simple Energy
Commission	Evo Energy	Snowy Hydro Limited
Australian Energy Regulator	First Solar (Australia)	South Australian Council of
Bald Hills Wind Farm	Formway Group	Social Service
Bluescope Steel	Globird Energy	SparQ
Brave Energy Systems	GMDR Group	St Vincent de Paul Society
CGI	Greenview Strategic	Stanwell Corporation
CitiPower	Consulting	Sumo Power
Clean Energy Council	GSP Energy	Sunset Power International
Covau	Hanson Technologies	Tango Energy
CQ Partners	HARD software	Tasmanian Department of
CS Energy	Hydro Tasmania	State Growth
CSIRO	Infigen Energy	TasNetworks
Delta Electricity	intelliHUB	Telstra
Department of Energy and	InterGen	Tilt Renewables
Water Supply	IPART	Trans Tasman Energy
Department of Environment,	Jemena	Group
Land, Water and	Lake Bonney Wind Power	TransGrid
Planning	Landis & Gyr	United Energy Distribution
Department of Environment	Legal Energy	Uniting Communities
Department of Industry	Lumo Energy Australia	University of New South
Department of Natural	Macquarie Bank	Wales
Resources, Mines &	Major Energy Users	Vector Advanced Metering
Energy	Meridian Energy	Services (Australia)
Department of the Premier	Metering Dynamics	Vena Energy
and Cabinet	Mojo Energy	Visy
Desert Rose	Momentum Energy	Western Australian Council
Dodo Power & Gas	Mt Mercer Wind Farm	of Social Service
EDMI	Origin Energy	Westpac Banking
Electrag	Orora Australasia	Corporation
ElectraNet	Pacific Hydro	Whit Web Applications
Electric Energy Society of	Plus ES	Wind Prospect
Australia	Pooled Energy	Woolnorth Windfarm
Endeavour Energy	Powercor Australia	Holding
Energetics	Powermetric	
Energyx	Powershop Australia	