

Regulatory implementation roadmap update

Stakeholder Forum
10 August 2020

Agenda

1. Welcome and background
2. Objectives of this forum
3. Updates / changes since regulatory roadmap published
 - AEMC final determinations
 - Other updates / developments
4. Next iteration of the regulatory roadmap
 - Proposed changes
 - Questions and discussion
5. Wrap-up and next steps

Background

Regulatory prioritisation process

- In April-May 2020, the market bodies undertook a process to prioritise the regulatory program, in response to COVID-19, and in recognition of the current regulatory burden
- As part of this process, AEMO developed a regulatory implementation roadmap
 - Focused on regulatory initiatives with material IT system implementation impacts, and other key/strategic reforms
 - Based on go-live assumptions, including a 12-month deferral of Five Minute Settlement (5MS) and Global Settlement (GS) reflecting best available information
- Outcomes of the prioritisation process were published by the market bodies in mid May – identifying initiatives to be delayed, progressed as planned, progressed with reduced scope, or bundled
- AEMO committed to maintaining the regulatory roadmap – to support ongoing transparency, prioritisation and program management by all stakeholders

Objectives of this forum

- There have been a number of changes since publication of the regulatory implementation roadmap, including the AEMC's final determinations on the Wholesale Demand Response (WDR) Mechanism and deferral of 5MS and GS.
- The objectives of this stakeholder forum, therefore, are to:
 - Identify changes to the regulatory roadmap since the last version was published
 - Identify the implications of the WDR and 5MS / GS deferral decisions in particular, on other related initiatives on the roadmap
 - Seek feedback from stakeholders on proposed changes to implementation timeframes to accommodate the WDR and 5MS / GS decisions.

Updates since roadmap published

AEMC final determinations / reports

- The AEMC recently made final determinations for:
 - Wholesale demand mechanism – 24 October 2021 go-live date
 - Five-minute settlement and global settlement – a three-month deferral, 1 October 2021 and 1 May 2022 go-live dates respectively
 - Metering Coordinator Planned Interruptions – AEMO standing data and procedural changes no later than 30 March 2022
- The AEMC made a final report on updating the regulatory frameworks for distributor led Stand Alone Power Systems (SAPS) review, which recommended a transitional period of one year for AEMO and the AER to implement procedures, guidelines (and system) changes, following passage of legislation by the SA Parliament and making of rules by SA Minister, anticipated in Q4 2020 (noting jurisdictions will need to opt-in to the national framework)
 - COAG EC consultation on legislative amendments package closed on 31 July. This will inform timing and next iteration of the roadmap
- The implications of the WDR and 5MS / GS decisions on the current version of the regulatory roadmap is a significant implementation and go-live effort in Q4 2021
- AEMO has therefore updated the roadmap, and identified proposed timing and sequencing of other regulatory initiatives to better manage the implementation program. AEMO invites industry feedback on proposed revisions to the roadmap

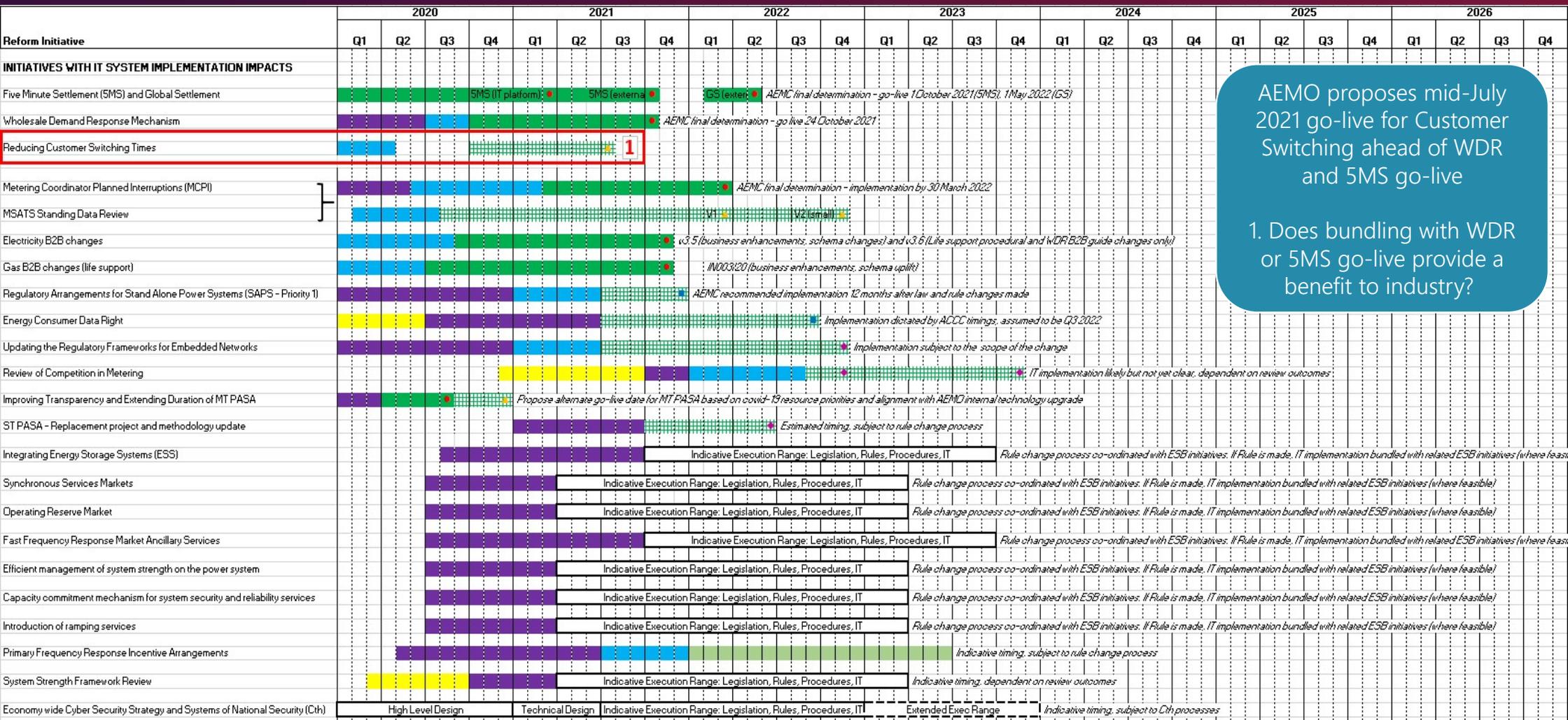
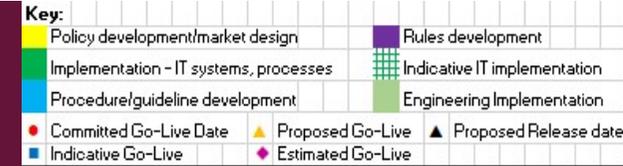
Updates since roadmap published

Other updates / developments

- B2B changes – for both electricity and gas have been included on the roadmap
- Energy Consumer Data Right – the ACCC recently released the Energy rules framework consultation paper
 - Publish draft rules for consultation in Q4 2020; with final rules in Q2 2021
 - Technical build and testing across 2021-22.
 - AEMO's best understanding of the ACCC's indicative go-live is end Q3 2022
- Cyber security reform – delay due to the impact of COVID-19
 - Australian government expected to soon make announcements about the national cyber security strategy, and minimum cyber security standards for systems of national significance
- ST PASA replacement project and methodology update – has been included on the roadmap (operational project but will require regulatory change)
- System services rule changes – the AEMC has initiated six rule change requests for consultation
 - To be considered along side the AEMC's system strength framework review, the primary frequency response incentives rule change, and the ESB's post-2025 program
- Distributed Energy Resources integration – Updating regulatory arrangements – the AEMC has initiated three rule change requests for consultation
- Appendix provides the updated roadmap in full and a log of changes since the last version

Next iteration of the roadmap

Reducing Customer Switching Times

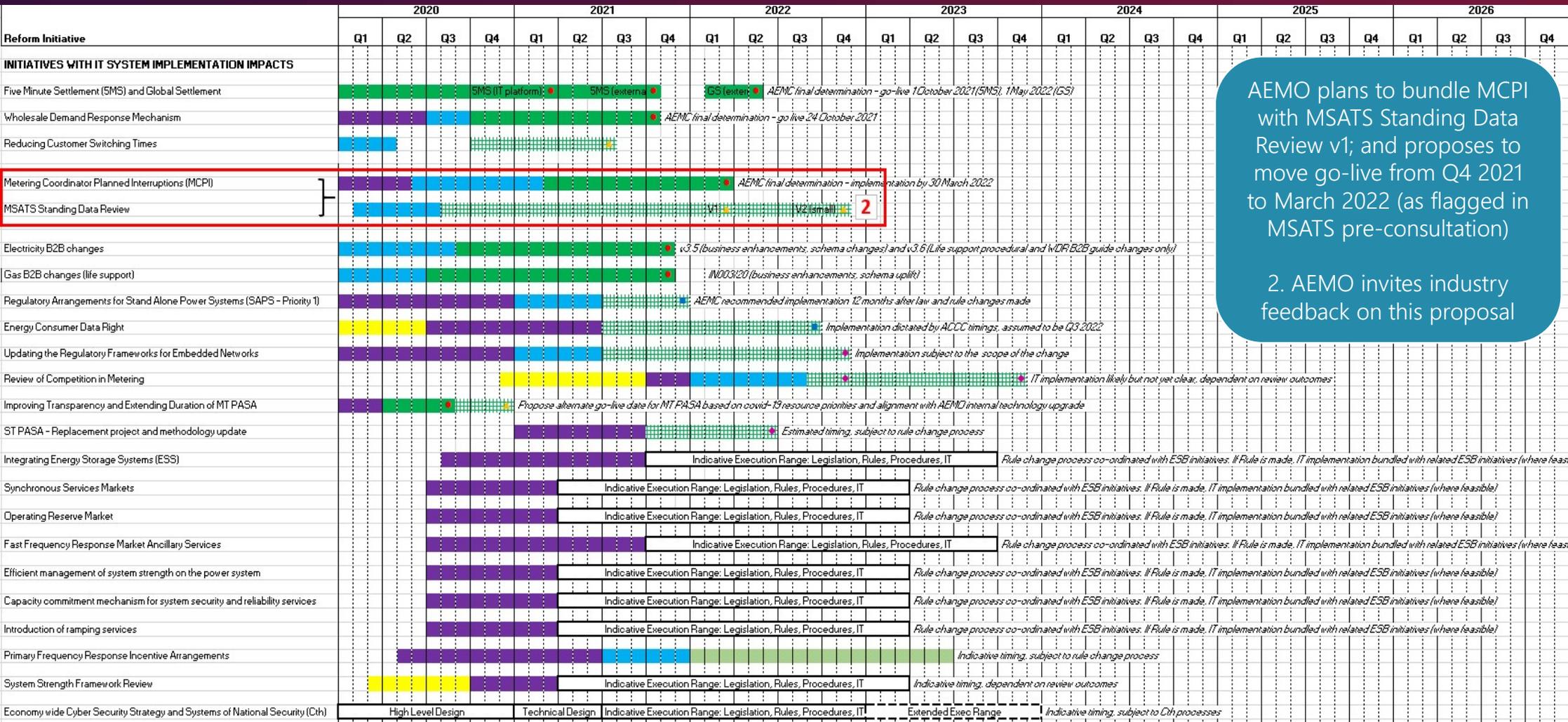


AEMO proposes mid-July 2021 go-live for Customer Switching ahead of WDR and 5MS go-live

1. Does bundling with WDR or 5MS go-live provide a benefit to industry?

Next iteration of the roadmap

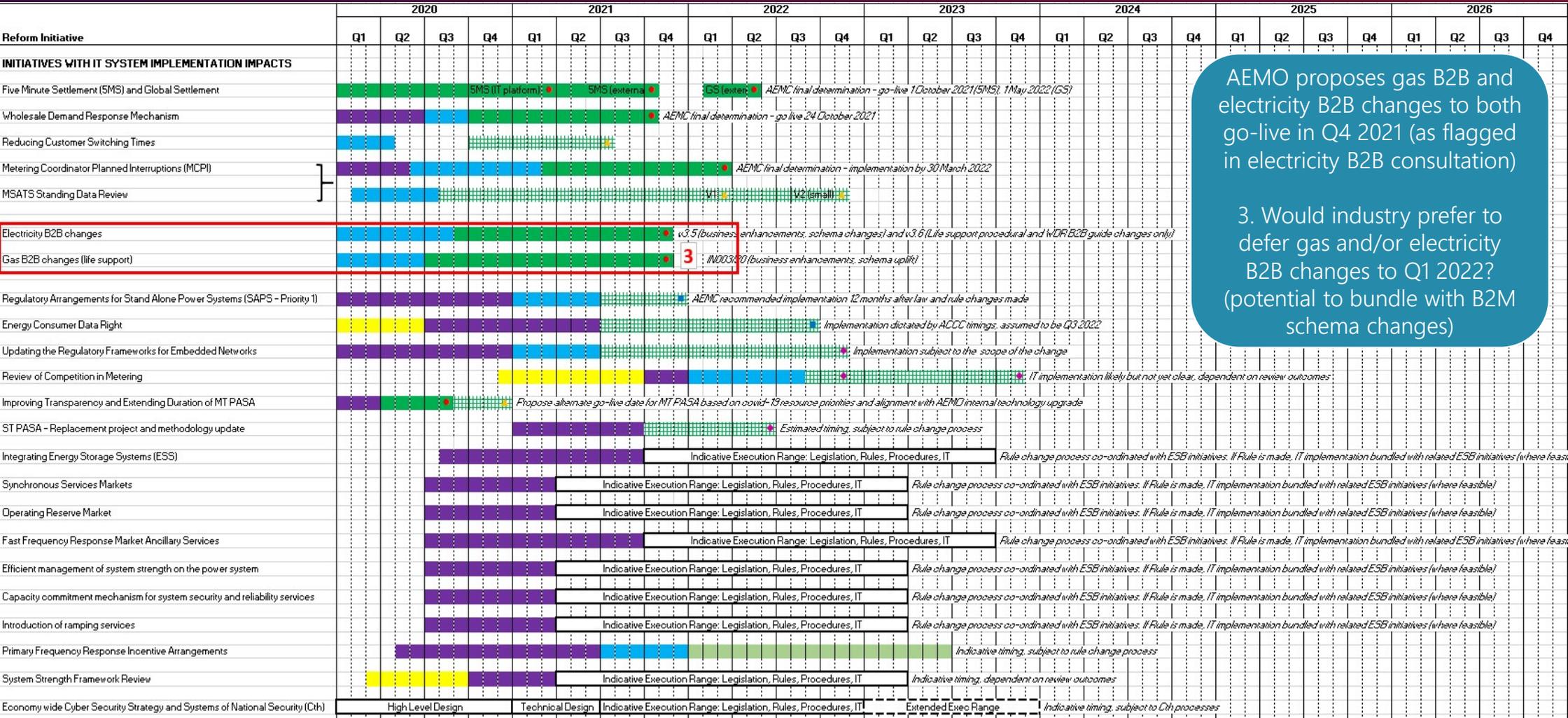
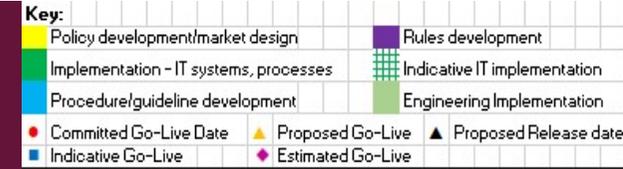
MSATS Standing Data changes



AEMO plans to bundle MCPI with MSATS Standing Data Review v1; and proposes to move go-live from Q4 2021 to March 2022 (as flagged in MSATS pre-consultation)

2. AEMO invites industry feedback on this proposal

Next iteration of the roadmap B2B changes

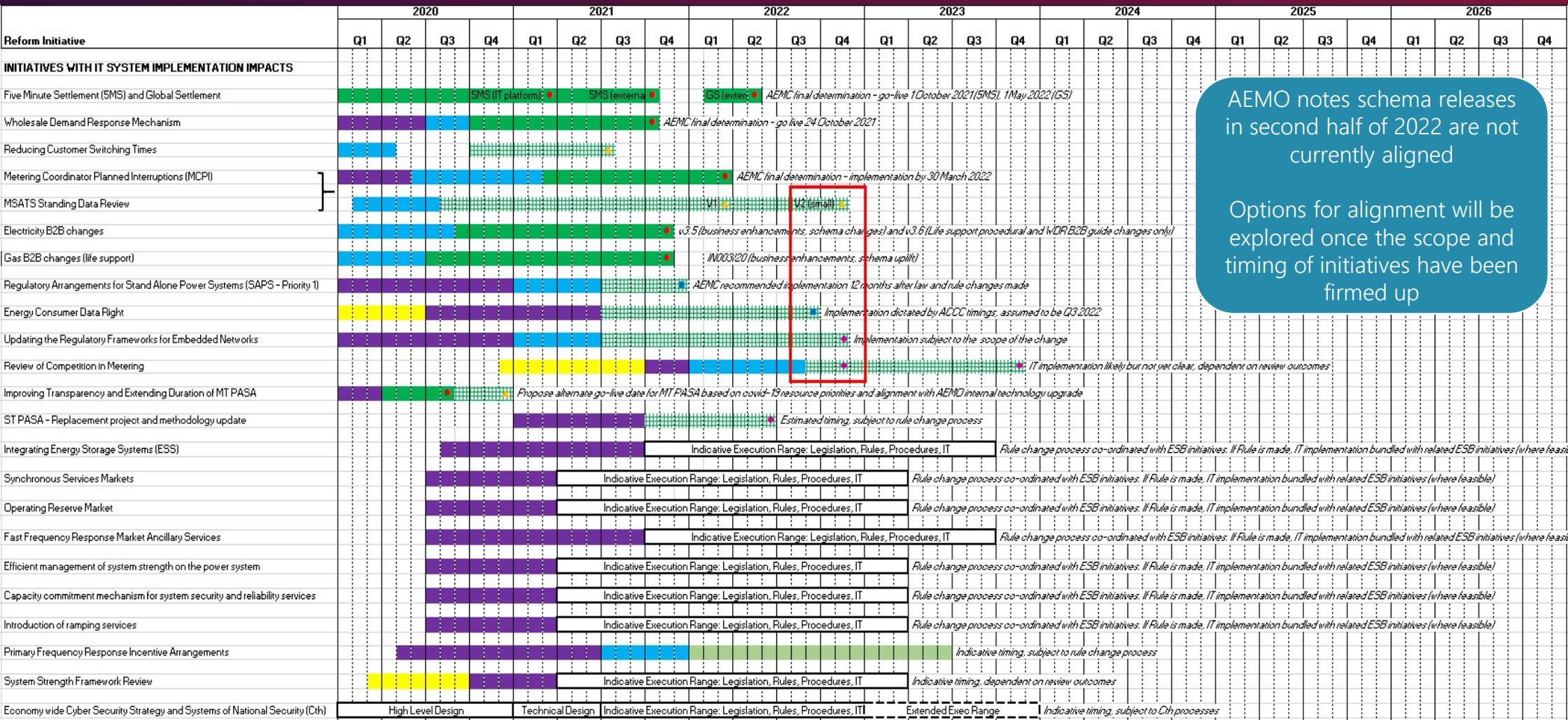
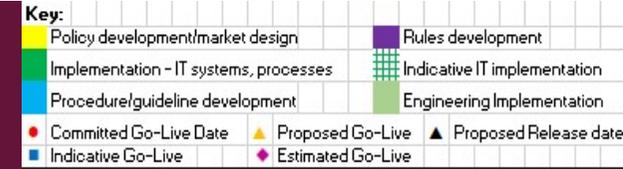


AEMO proposes gas B2B and electricity B2B changes to both go-live in Q4 2021 (as flagged in electricity B2B consultation)

3. Would industry prefer to defer gas and/or electricity B2B changes to Q1 2022? (potential to bundle with B2M schema changes)

Future iterations of the roadmap

Potential to bundle in second half of 2022



AEMO notes schema releases in second half of 2022 are not currently aligned

Options for alignment will be explored once the scope and timing of initiatives have been firmed up

Summary of key changes for feedback

Customer Switching

- AEMO proposes mid-July 2021 go-live for Customer Switching to provide some 'breathing space' ahead of WDR and 5MS go-live.
- Mid-July proposed to provide for separation from annual C&I re-contracting date of 1 July.
- AEMO will provide at least 8 months notice to industry participants.
- Alternative is to bundle the release of Customer Switching with 5MS/WDR and go-live in October 2021. This may offer efficiencies of bundling, but may add complexity to an already complex go-live period.
- **Do stakeholders support AEMO's proposal for a mid-July 2021 go-live? Or would you prefer Customer Switching is bundled with 5MS/WDR for an October 2021 go-live?**

MC Planned Interruptions & MSATS Standing Data Review

- AEMO proposes to bundle Metering Coordinator Planned Interruptions (MCPI) and MSATS standing data review implementation and defer until no later than 30 March 2022 (as per the AEMC's MCPI final determination).
- Purpose is to (i) bundle for efficiency and (ii) defer into 2022 due to significant implementation program for late 2021.
- A smaller, second release for MSATS standing data review would be scheduled for November 2022.
- **AEMO invites industry feedback.**

B2B Changes

- Go-live dates established before 5MS / GS deferral date announced.
- Current go-live dates for electricity B2B and gas B2B changes are embedded in the procedures for Q4 2021 (as per industry consultation). This would mean a schema change in later 2021, shortly after 5MS/WDR go-live.
- Procedure change and consultation would be required to change go-live dates.
- **Would industry prefer to defer gas and/or electricity B2B changes to Q1 or Q2 2022 (potential to bundle with other schema changes)?**

Note AEMO made a correction to the date specified in the first dot point for Metering Coordinator Planned Interruptions & MSATS Standing Data Review following the 10 August forum.

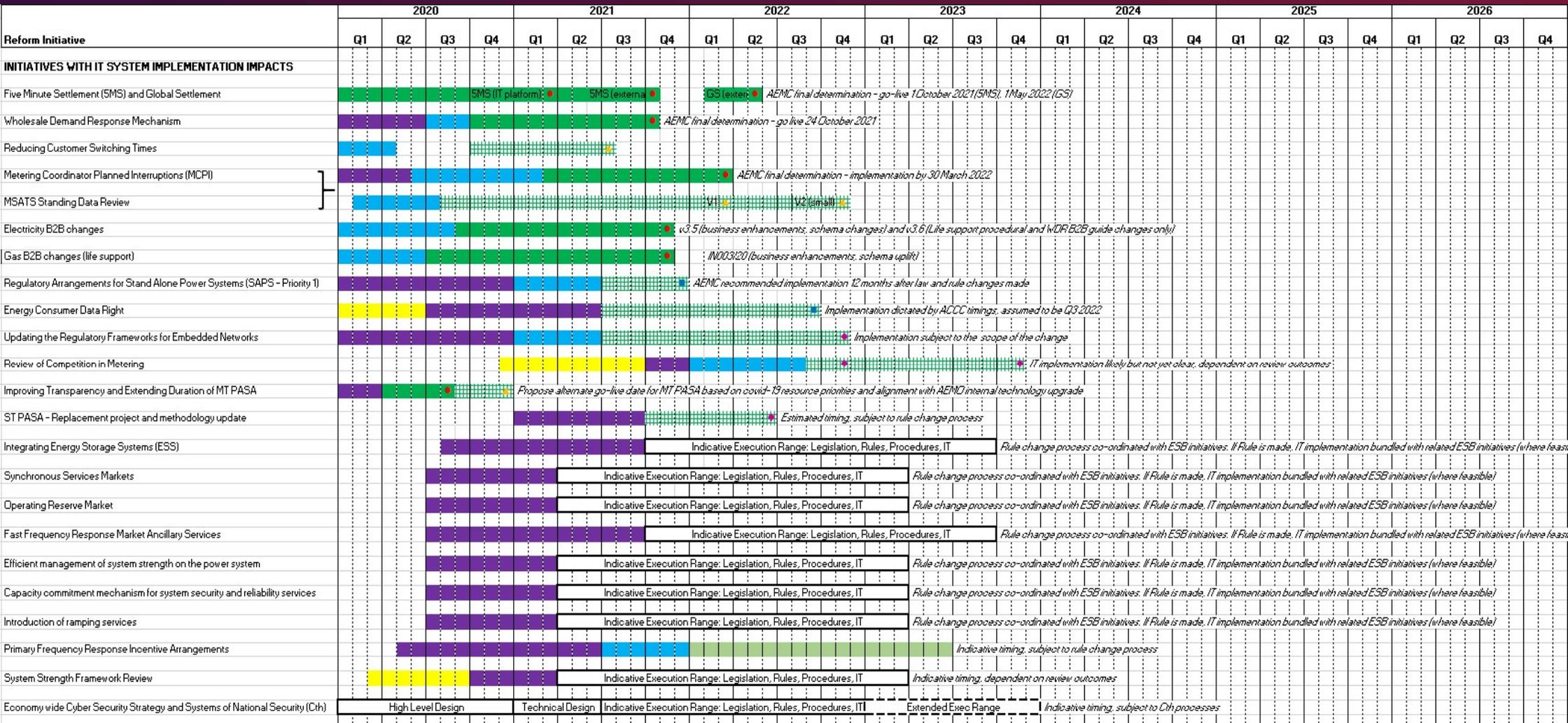
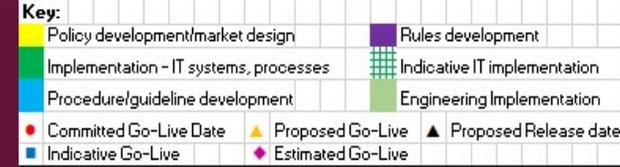
Next steps

- AEMO is seeking stakeholder feedback on the proposed changes by 17 August 2020. Feedback to be sent to StakeholderRelations@aemo.com.au.
- AEMO plans to publish the revised regulatory implementation roadmap (version 3) by end August 2020.
- Recognise need for integrated 2021 implementation timeline, once dates confirmed. Will be prepared and reviewed with industry working groups.
- At this stage, AEMO plans to update the regulatory implementation roadmap two-three times per year – depending on the extent and implications of regulatory change and implementation.

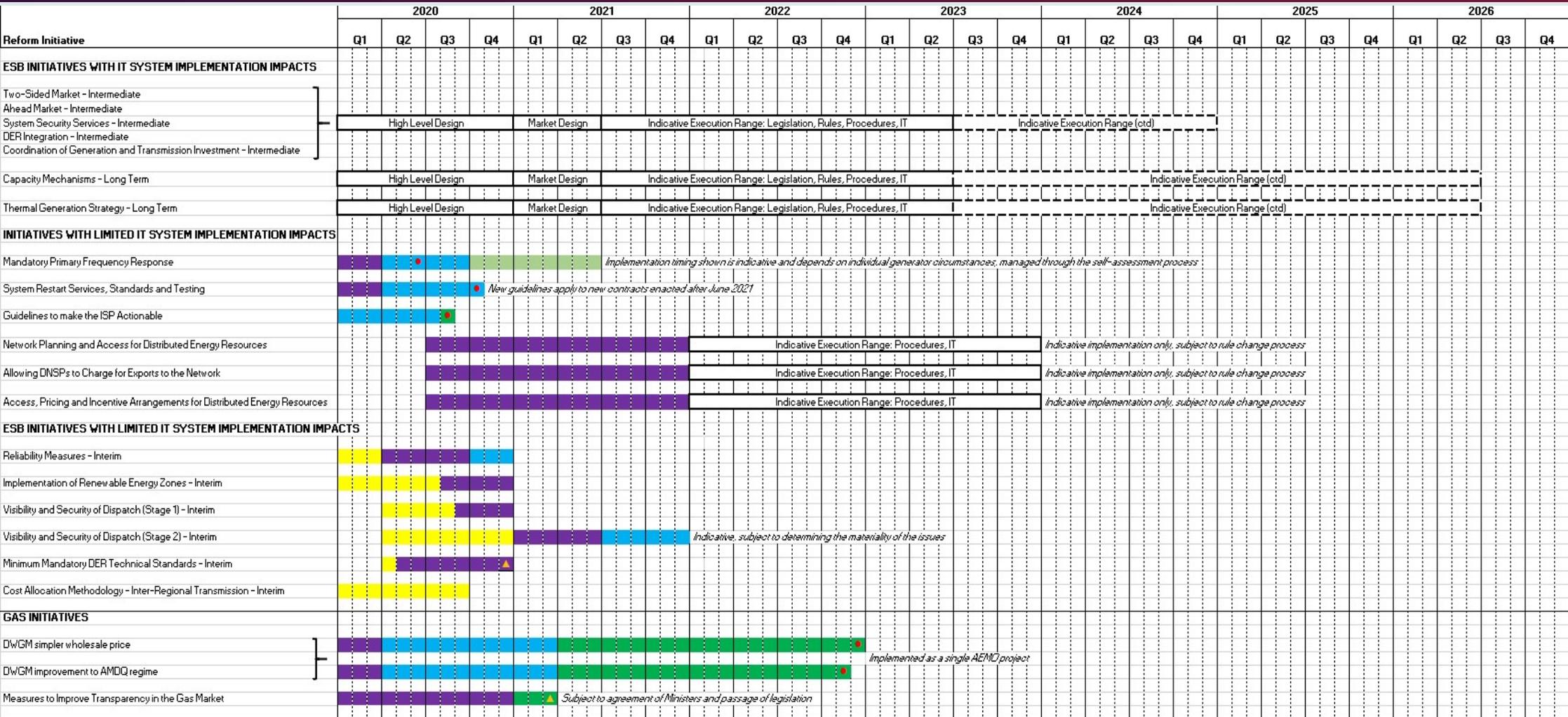
Appendix

Roadmap in full and Log of changes

Roadmap in full: Version 3 – draft (1)



Roadmap in full: Version 3 – draft (2)



Log of changes between Version 2 and Version 3 – draft

- Wholesale demand mechanism – updated go-live date to 24 October 2021
- Five-minute settlement and global settlement – updated go-lives dates for three-month deferral to 1 October 2021 and 1 May 2022 respectively
- Metering Coordinator Planned Interruptions – updated for AEMO standing data and procedural changes no later than 30 March 2022 (previously November 2021)
- MSATS – updated release date to 30 March 2022 (previously November 2021)
- Energy Consumer Data Right – updated for indicative go-live date of end of Q3 2022 (previously November 2021)
- Cyber security reform – updated timetable indicating potential for go-live Q4 2022 recognising priority of these reforms. There is however uncertainty around this program of work as reflected by the extended implementation phase out to end of 2024 (if required)
- Electricity B2B changes and gas B2B changes – included on roadmap
- ST PASA replacement and methodology update – included on roadmap

Log of changes between Version 2 and Version 3 – draft

- System services rule changes – these have been initiated by the AEMC and will be considered along side the AEMC’s system strength framework review, the primary frequency response incentives rule change, and the ESB’s post-2025 program
- ESB Initiatives with IT System impacts – the indicative execution range has been shortened slightly, recognising intentions to have some aspects of these reforms in place by mid 2023. The roadmap has maintained an extended implementation phase out to mid 2026 for the longer term initiatives.
- DER technical standards – updated timeframes with proposed go live date is December 2020.
- Integrating Energy Storage Systems –initiation of rule change expected August 2020
- AER’s guidelines for actionable ISP – minor delay to indicative go live date to 21 August 2020
- Distributed Energy Resources integration rule changes added – three separate rule changes have been initiated by the AEMC
- Implementation of REZs – minor delay of 2 months with draft rules expected end of July
- Making the ISP actionable removed – came into effect on 1 July 2020
- Consumer Protection Review removed – completed as part of the retail competition review
- Removal of Disincentives to Primary Frequency Response – renamed Primary Frequency response Incentive arrangements