

Shortening the Settlement cycle



Draft High Level Implementation Assessment (HLIA) Industry Briefing

23 September 2024



1. Welcome

Ulrika Lindholm (AEMO)



We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.




'Journey of unity: AEMO's Reconciliation Path' by Lani Balzan

AEMO Group is proud to have delivered its first Reconciliation Action Plan in May 2024. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation - a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

Read our
RAP

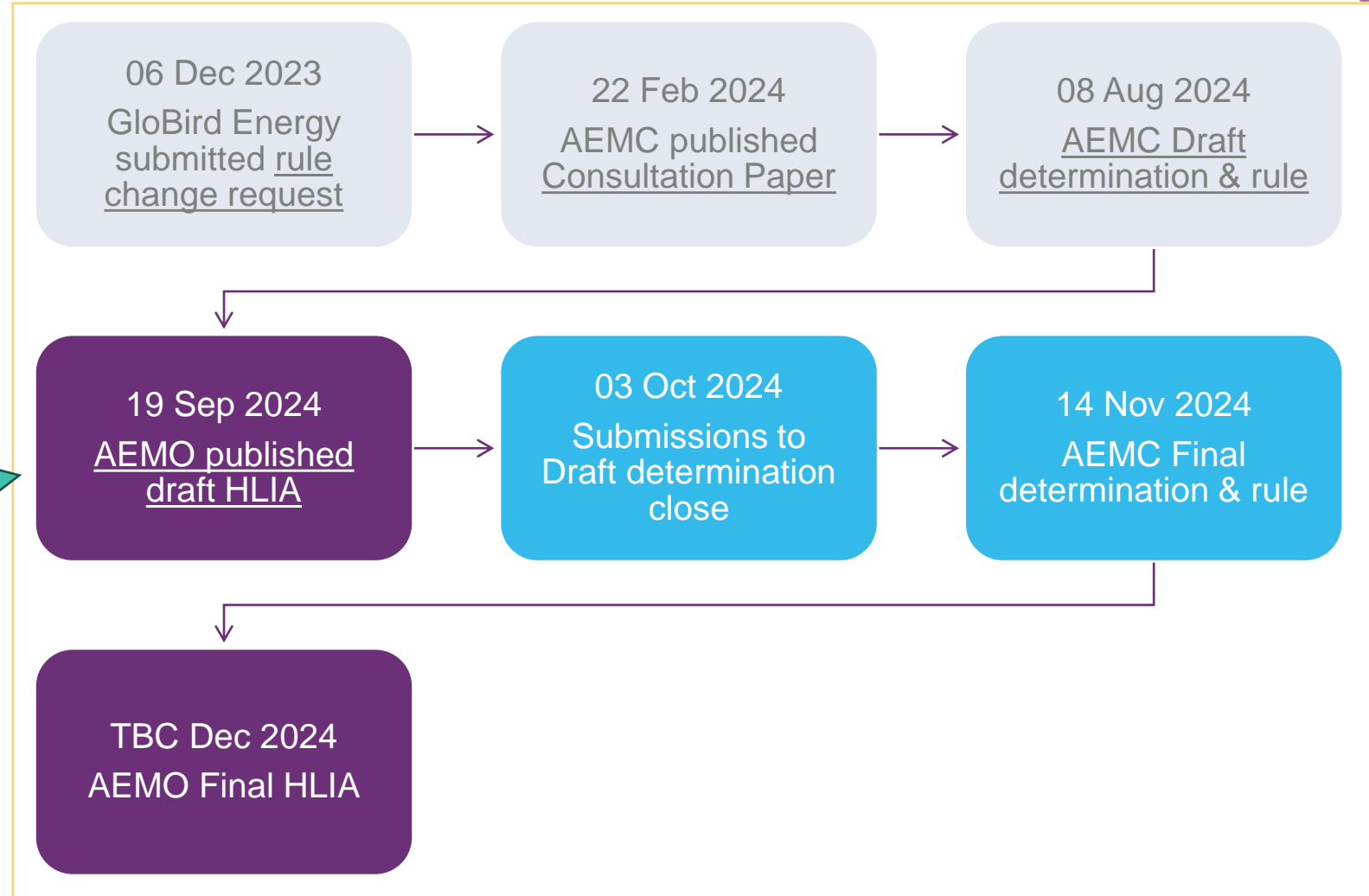


General Housekeeping

1. Please mute your microphone. 
2. We look forward to your feedback and questions. Use the 'Chat' function to ask any questions or comments throughout the session.
 - AEMO SMEs are on the call, who will attempt to respond in the chat. 
3. Key questions or comments will be addressed verbally in dedicated Q&A sections.
4. In attending this meeting, you are expected to:
 - Contribute constructively.
 - Be respectful, both on the call and in the chat. 

Participants are asked to familiarise themselves with AEMO's [Competition Law Meeting Protocol](#) as outlined in Appendix A and at AEMO's website.

High-level policy timeline



AEMO's HLIA will help inform AEMO's and industry's submissions to the AEMC, providing input into the policy design and implementation timeframe

Objectives of today's session



Introduce draft policy and rationale



Discuss how it would be implemented

Focus of this session



AEMO's [SSC draft High Level Implementation Assessment](#) was published on 19 September 2024



Invite stakeholders to get involved

- feedback on HIA
- submissions to AEMC

Refresher: Energy market body roles

Market body roles



Australian Energy Market Commission

Rule maker, market developer and expert adviser to governments

Protects consumers and achieves the right trade-off between cost, reliability and security.



Australian Energy Regulator

Economic regulation and rules compliance

Polices the system and monitors the market.



Australian Energy Market Operator

Electricity and gas systems and market operator

Works with industry to keep the lights on.

Agenda

#	Time	Topic	Presenters
1	1:00 – 1:05PM	Welcome	Ulrika Lindholm
2	1:05 – 1:20PM	Overview of rule	Kate Wild (AEMC)
3	1:20 – 1:40PM	AEMO’s proposed implementation approach	Ruth Guest
4	1:40 – 2:10PM	High level implementation assessment	
		- Processes & procedures	Ruth Guest
		- Systems	Selwyn Sequiera
		- Participants	Chris Fleming
5	2:10 – 2:15PM	Feedback and next steps	Ulrika Lindholm
6	2:15 – 2:40PM	Q&A	Ulrika Lindholm
7	2:40 – 2:45PM	How to get involved & close	Ulrika Lindholm
	Appendix A	AEMO Competition Law - meeting protocol	
	Appendix B	Glossary	



“Please note that this meeting will be recorded by AEMO and may be accessed and used by AEMO for the purpose of compiling minutes. By attending the meeting, you consent to AEMO recording the meeting and using the record for this purpose. No other recording of the meeting is permitted”

2. Overview of draft rule

Kate Wild (AEMC)



1

Overview of the rule change

GloBird submitted a rule change to shorten the settlement cycle

In December 2023, GloBird Energy submitted a rule change request seeking to shorten the NEM settlement cycle from 20 business days following the end of a billing period to 10 business days. We published a consultation paper in February 2024 and a draft determination in August 2024.



Some stakeholders (particularly smaller retailers) were firmly supportive of the rule change, do not anticipate significant risks or issues, and believe that the issues the rule change seek to address are material



Other stakeholders were more neutral or cautiously supportive, stating that there should be more rigorous analysis of potential impacts and risks, and that the issues raised are not a priority

We believe a shorter settlement will address material issues being experienced by stakeholders

1

Improving outcomes for consumers

- Lower working capital requirements for market participants would benefit smaller retailers by lowering barriers to market entry and increasing the ability to invest in service innovation.
- This increased competition and investment would in turn benefit consumers through more choice and competitive offerings.

2

Driving market efficiency

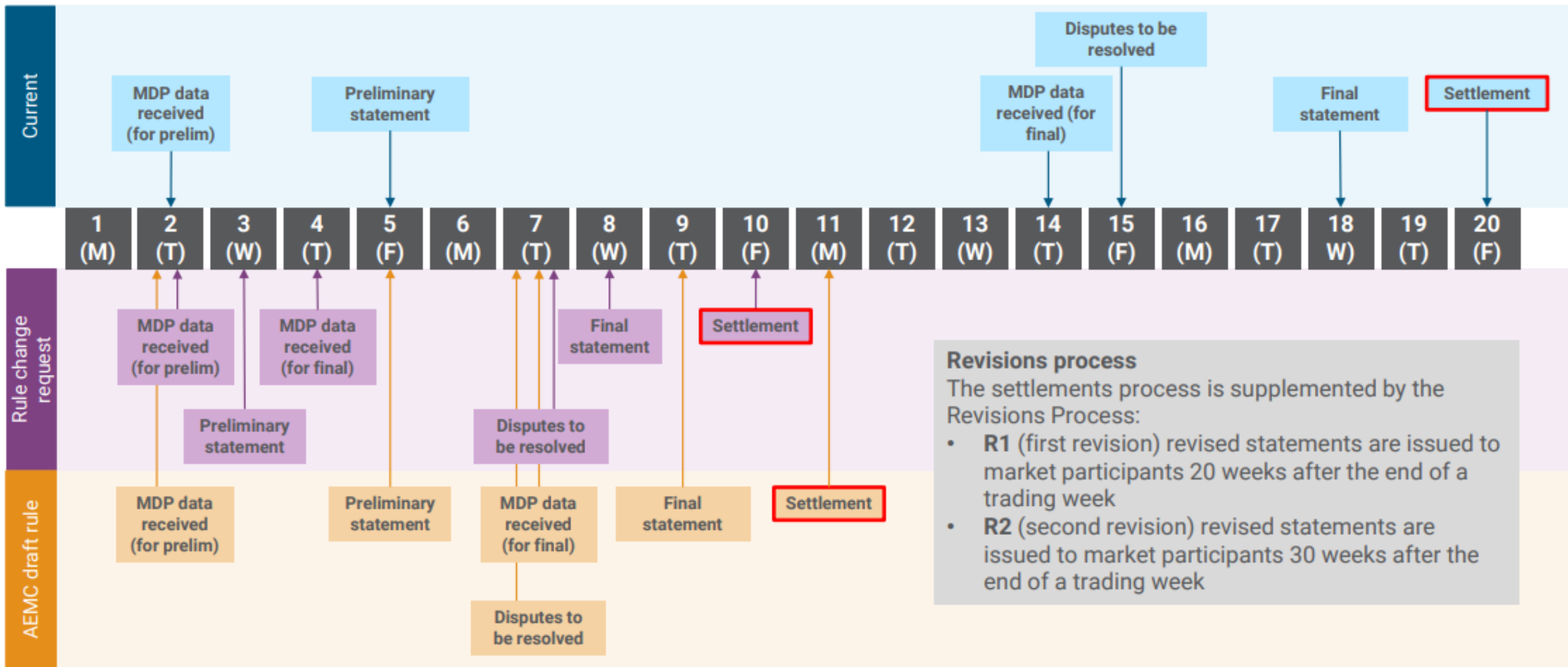
- The draft rule would support a more modern and efficient settlement process that reflects changes in technology, such as growing smart meter penetration.
- Faster settlement of the NEM would also align more closely with the settlement of related financial contracts.

3

Supporting innovation and flexibility

- Shortening the NEM settlement cycle would increase working capital available to market participants, to invest in innovative services.
- We also consider that a shorter settlement cycle would support more flexible cash flow and access to capital for market participants.

We made a draft rule to shorten the settlement cycle to 11 days



We are due to publish the final rule in November 2024



* We may extend this by 2 to 3 weeks. TBC.

3. AEMO's proposed implementation approach

Ruth Guest (AEMO)

Purpose of SSC High-level implementation assessment

WHAT IS THE PURPOSE OF AEMO'S HLIA PROCESS?

- Provides an indicative and preliminary view to participants of alternative approaches on how the SSC draft rule may be implemented by AEMO and the high-level impacts to:
 - AEMO's processes
 - Market procedures
 - High level system and data exchange
 - Participant activities
- Intended to inform participants as they develop their own implementation timelines and impact assessments.
- Includes an alternative settlement cycle that meets the AEMC policy objectives for participant consideration

WHAT IS NOT AEMO'S HLIA PROCESS?

- Not intended to pre-empt the outcomes of the ongoing Rule Change process, but to add an additional element of rigour to this process between the AEMC's draft and final SSC rule.
- It is hoped that this document and the accompanying consultation will elicit feedback from participants which the AEMC can use to inform its SSC final rule and determination.
- Costings are not included in the HLIA, however AEMO will work with the AEMC to provide costing information in support of their determination.

The AEMC is the decision maker on the final determination and rule.

SSC HLIA

HLIA considers impacts of the SSC draft rule to:

- a) AEMO business processes
- b) AEMO procedures
- c) AEMO systems
- d) Participants

These impacts have informed the HLIA's implementation **timeline** and **risks**.

Each set of impacts and the implementation approach are discussed in upcoming sections.

SSC implementation based on draft rule and an alternative shorter cycle:

		Billing Week X																																		
Calendar Days		S	M	T	W	T	F	S	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Business Days									1	2	3	4	5			6	7	8	9	10			11	12	13	14	15		16	17	18	19	20			
Current Cycle	Preliminary Posting													Post																						
	Final Posting																																	Post		
	Final Settlement																																	\$		
Shorter Cycle	Preliminary Posting													Post																						
	Final Posting																			Post																
	Final Settlement																																	\$		
Alternative Shorter Cycle	Preliminary Posting												Post																							
	Final Posting																			Post																
	Final Settlement																																	\$		
	'R0' Revision Posting																																	Post		

Pathway 1 and Pathway 2

Pathway 3

- 9 business days

- 11 business days

SSC implementation - three Pathways

Key assumptions:

Pathway 1

- draft rule settlement cycle
- metering quality at final maintained with enhanced exception management processes

Baseline assessment

Pathway 2

- draft rule settlement cycle
- no change to exception management processes, more exceptions included in final resolved in R1.

Incremental assessment to baseline

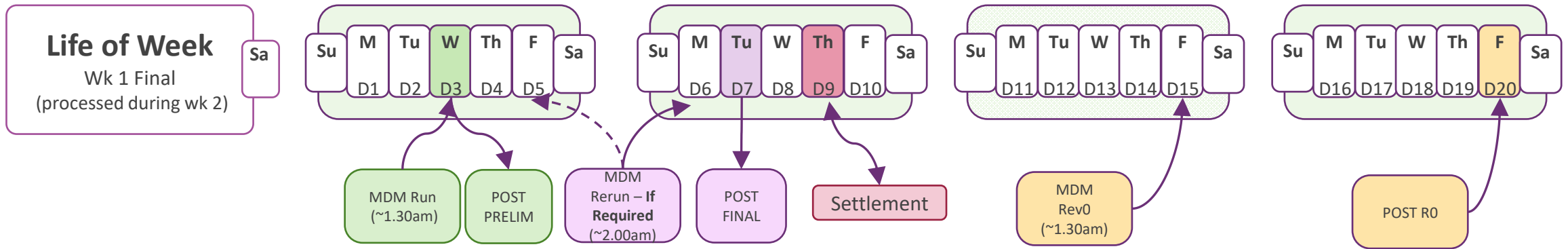
Pathway 3

- alternative settlement cycle
- additional revision, R0 to allow management of exceptions in timelines consistent with today.

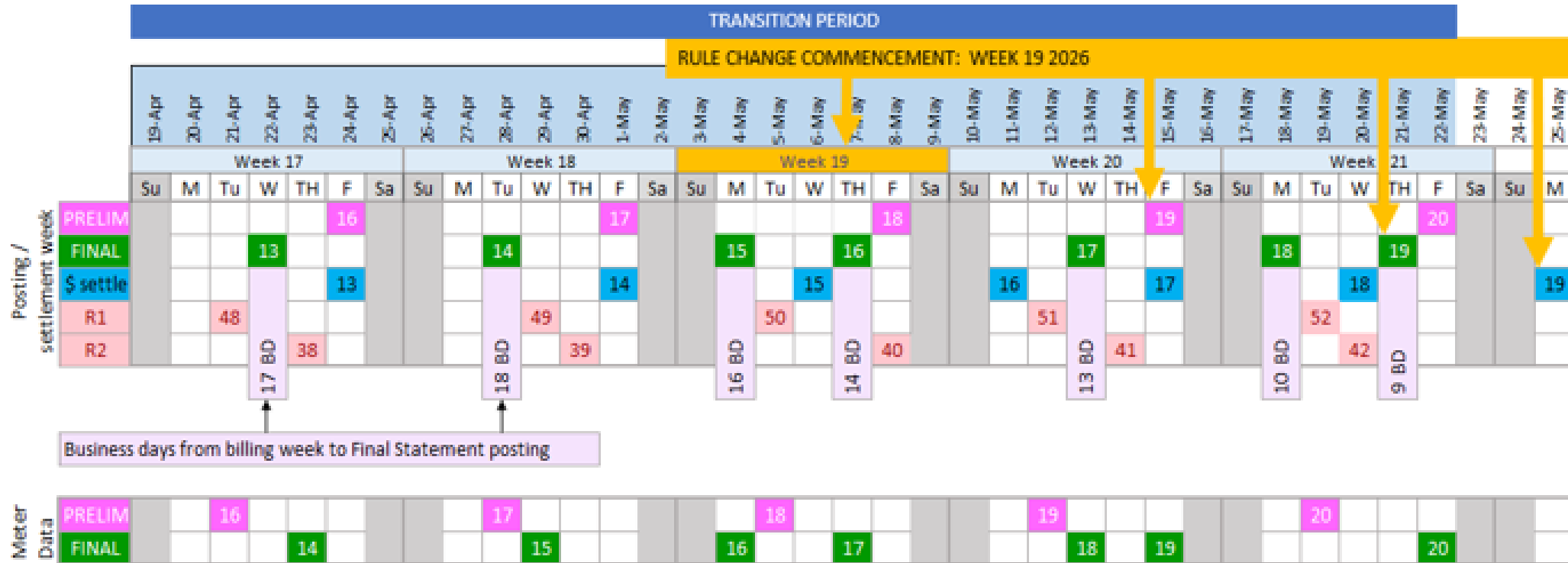
Pathway 3: Overview

Time available for RERT/Direction/Suspension compensation to be calculated

Metering data issues able to be resolved in this period



SSC: Illustrative transition to shorter settlement cycle



Related Reforms

No other energy reforms are a prerequisite for SSC

AEMC review into electricity compensation frameworks

Interregional settlement residue arrangements for transmission loops

Primary frequency response incentive initiatives

Unlocking benefits of CER through flexible trading

Accelerating smart meter deployment

Opportunities for complementary implementation with reforms that have a settlement component will be sought

Shortening the settlement cycle

Design assumptions

HLD ASSUMPTION	COMMENTS	IMPLEMENTATION
Credit Limit Procedures update	Shortening the settlement cycle requires a review of the methodology for determining credit support requirements that may also need to consider changing trends in the NEM, e.g., negative pricing impacts. This includes potential uplift in generator estimation processes.	AEMO will consult on the CLP changes as early as possible, noting that analysis prior to consultation is required. Changes to the methodology will be implemented in AEMO's systems. All Pathways.
Metering exception management	Expedited metering data management processes will be required to maintain the metering data quality in the final if it is posted earlier. This requires an update to MDP Service Level Procedure (SLP).	AEMO will consult with MDPs on the SLP and is proposing an interface with MDPs to facilitate streamlined processing of metering exceptions. Pathway 1 only.
Intervention settlement	Intervention settlement, e.g., RERT, market suspension compensation and generic directions cannot be managed by new final. AEMO assumes the final rule will allow these to be managed by R1 if required.	No systems changes are proposed All Pathways.
Security deposits	Shortening the settlement cycle is likely to increase the prudential activity in a high price week. Automation of the security deposit process between AEMO and participants will create significant efficiency.	AEMO is proposing an interface with participants to streamline the process. All Pathways.
Settlement calendars	The settlement calendars will reflect a transition period from current to shorter settlement cycle. Configuration changes will be required if an additional revision (R0) is adopted.	AEMO will consult on the transitional process as required. Additional revision is implemented through changes in settlements, billing and reporting. Additional revisions are for Pathway 3 only.
No new procedures	A program of procedure changes is required to amend existing procedures and guides only	AEMO to update documentation in consultation with industry as required. All Pathways

SEEKING FEEDBACK

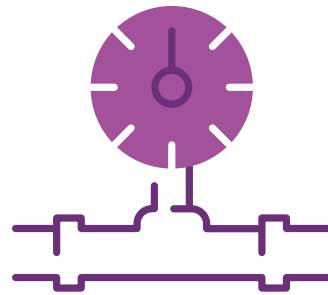
- What are your views on the importance of maintaining the same level of exceptions in an earlier final statement and allowing market intervention settlement to wait until a 20 week revision?
- Do you agree that an additional 'R0' revision at business day 20 (Pathway 3) will alleviate the need to enhance metering data exception processes and represents a suitable timeframe for inclusion of market intervention settlement amounts
- What changes do you propose and why?
- AEMO considers that a relatively short transition period would be preferable. Do you agree and why?

4. High level implementation assessment

- Processes & procedures: Ruth Guest (AEMO)
- Systems: Selwyn Sequiera (AEMO)
- Participants: Chris Fleming (AEMO)

SSC draft rule: Impacts to AEMO's processes

Ruth Guest



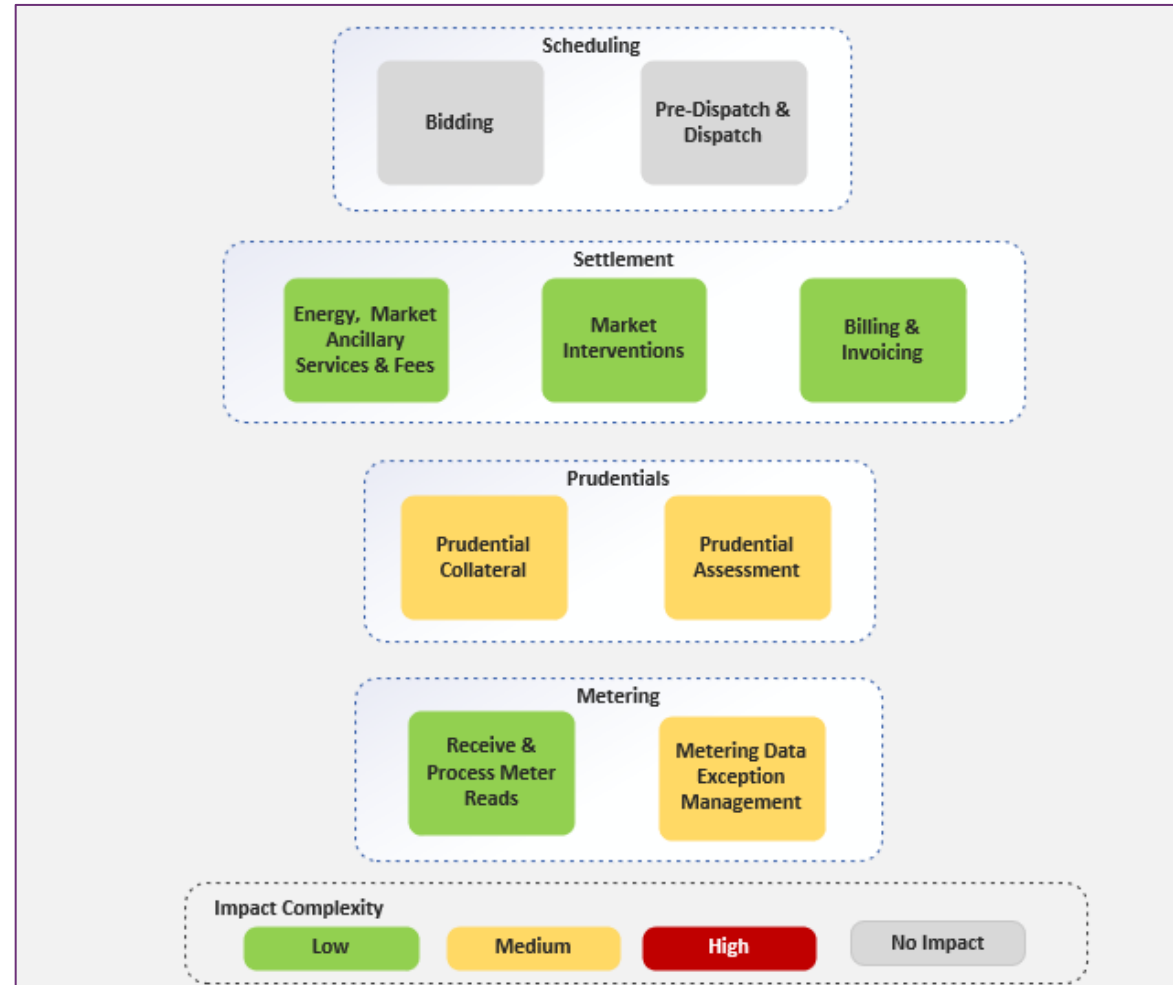
Pathway 1

SSC draft rule: Impacts to AEMO's processes

Table 5: Tabular view of focus area impacts from the SSC draft rule (Pathway 1)

Focus area	Impact	Impact description
Settlement – energy, market ancillary services and fees	Low	<ul style="list-style-type: none"> Exception management with the metering team during processing of settlement runs may increase if metering data quality erodes Increased settlement enquiry management, because of increased metering exceptions in posted final statements.
Settlement – market intervention	Low	<ul style="list-style-type: none"> Assumes changes to the rules to allow AEMO to calculate intervention settlement amounts for inclusion in R1. A process to manage payment versus recovery timeframes for RERT is implemented Non market ancillary services (NMAS) contracts are amended to align with new settlement cycle. Update Market Interventions Settlement Timetable
Settlement – billing and invoicing	Low	<ul style="list-style-type: none"> The fundamental billing and invoicing processes are unchanged once adoption of the new calendar has occurred and is uploaded into systems.
Prudential collateral	Medium	<ul style="list-style-type: none"> Analysis to ensure that the CLP are fit for purpose and subsequent implementation of required methodology changes The treatment of reallocations as ex ante and ex post will need to be updated in AEMO systems
Prudential assessment	Medium	<ul style="list-style-type: none"> Reduction in the outstandings period will increase the impact of negative pricing and generator outages on net energy producers increasing the potential for trading limit breaches. An interface to manage security deposits, enhanced estimation calculations, additional alerts and visibility of PASA inputs to the prudentials team is required (without which an increase in resources will be needed for day-to-day management of participant prudentials). Minor system changes to ensure prudential dashboards and alerts for participants align with SSC.
Metering – receive and process meter reads	Low	<ul style="list-style-type: none"> MSATS transaction timeframes may need to be truncated to meet final statement timelines
Metering – data exception management	Medium	<ul style="list-style-type: none"> New interface between AEMO and MDPs for exception management. Enhanced metering data compliance reports functionality in the new interface Increased customer enquiries regarding data in the final statements may occur

Please refer to HLIA for full description of business process impact assessment



Relative Pathway impacts

Relative impacts

3 AEMO key impacts

This section provides a high-level description and indicative heatmap of impacts to AEMO's processes from the SSC draft rule. In assessing the key impacts AEMO has identified three pathways to implementation which result in material differences to the requirements for implementation. Broadly speaking, the pathways can be characterised as follows:

Pathway 1

- AEMO implements the draft rule shorter settlement cycle and adopts an approach that seeks to maintain the level of metering data quality at final settlement and assumes that the market intervention settlement calendar is modified to allow calculations to be included by the 20-week revision (R1) adjustment when necessary to do so.

Table 2: Indicative assessment of implementation impacts of Pathway 1

Impact	People	Process	System	Settlement outcome ¹
	High	High	High	Unfavourable
Pathway 1	<ul style="list-style-type: none"> Additional resources to manage tighter timelines for exceptions 	<ul style="list-style-type: none"> New processes to manage exceptions, assumes tighter MDP timelines New security deposit process 	<ul style="list-style-type: none"> New interface to manage exceptions New interface to manage security deposits Uplift in generator estimation processes 	<ul style="list-style-type: none"> Intervention settlements not achievable by final assumes move to R1

Pathway 2

- AEMO implements the draft rule shorter settlement cycle and adopts an approach that allows the metering data quality at final to reduce, with exceptions that are currently resolved by final settlement more likely to be resolved by the R1 adjustment. It is assumed the market intervention settlement calendar is modified to allow calculations to be included by the R1 adjustment date when necessary to do so.

Table 3: Indicative assessment of implementation impacts of Pathway 2

Impact	People	Process	System	Settlement outcome ¹
	High	Low	Medium	Poor
	<ul style="list-style-type: none"> Additional resources to manage exception 	<ul style="list-style-type: none"> No change to exceptions process, resolved by R1 	<ul style="list-style-type: none"> New interface to manage security 	<ul style="list-style-type: none"> Exceptions managed at R1 (with risk of intervention settlements not achievable by final)

Please refer to HLIA for full description of business process impact assessment

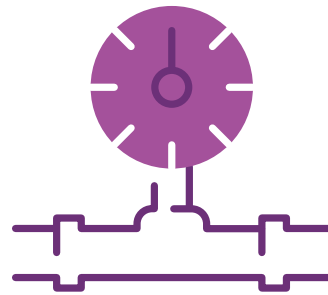
Impact	Pathway 1	Pathway 2	Pathway 3
People	<ul style="list-style-type: none"> Additional resources to manage tighter timelines for exceptions 	<ul style="list-style-type: none"> Additional resources to manage exception related queries from participants 	<ul style="list-style-type: none"> Additional resources not required to manage exceptions and additional participant queries
Process	<ul style="list-style-type: none"> New processes to manage exceptions, assumes tighter MDP timelines New security deposit process 	<ul style="list-style-type: none"> No change to exceptions process, resolved by R1 New security deposit process 	<ul style="list-style-type: none"> No change to exceptions process, resolved by R0 New security deposit process
System	<ul style="list-style-type: none"> New interface to Manage exceptions New interface to manage security deposits Uplift in generator estimation processes 	<ul style="list-style-type: none"> New interface to manage security deposits Uplift in generator estimation processes 	<ul style="list-style-type: none"> Changes to billing, mms data model, B2M aseXML schema to include R0 New interface to manage security deposits Uplift in generator estimation processes
Settlement Outcome	<ul style="list-style-type: none"> Intervention settlements not achievable by final assumes move to R1 	<ul style="list-style-type: none"> Exceptions managed at R1 (with risk of material financial adjustments during high price periods) Intervention settlements not achievable by final assumes move to R1 	<ul style="list-style-type: none"> Exceptions managed at R0 Intervention settlements occur at R0
Delivery Date (est)	End June 2026 & End May 2027 Phased approach to delivery: <ul style="list-style-type: none"> Phase 1 – Deliver rule change Phase 2 – Deliver new system interfaces 	<ul style="list-style-type: none"> End June 2026 	<ul style="list-style-type: none"> End June 2026

SEEKING FEEDBACK...

- To what extent have the key impacts to AEMO's processes been appropriately captured?
- To what extent have the key impacts to industry's processes been appropriately captured?
- What changes do you propose and why?

SCC draft rule: Impacts to AEMO's procedures

Ruth Guest



PLEASE REFER TO HLIA FOR FULL MARKET PROCEDURE IMPACT ASSESSMENT

4 AEMO procedure impacts

This section indicates the high-level impact of Pathway 1 on AEMO's procedures and guidelines, based on the changes that AEMO anticipates are required to implement the SSC draft rule. Table 8 lists AEMO's existing NEM wholesale procedures and other external documentation that would likely need updating. Table 9 lists the impacted NEM retail procedures and external documentation.

Table 8 Current relevant AEMO Wholesale market procedures and other documentation

Type of Document	Document Name	Effort required	Consultation Required	Content to be changed	Due Date
Procedure	Credit Limit Procedures	High	Yes	<ul style="list-style-type: none"> The CLP and supporting information will be high impact if analysis shows that material changes to the methodology are required to maintain a 2% standard under a shorter settlement cycle. Changes will include updates to the MCL calculator and consequential updates to the reallocation timetable. Enhanced estimation processes will require consultation. 	TBC 2025
	Reallocations timetable	Low			
	NEM settlement estimation guide	Medium			
Guides	Guide to prudential margin offsets	Medium	No	<ul style="list-style-type: none"> Administrative updates to the reallocations timetable and supporting information on the AEMO website including the timing for ex ante reallocations and prudential margin offsets. 	Q2 2026
	Guide to NEM prudential dashboard				
	Credit limit procedures supporting information				
Guides	Settlement interventions timetable	Medium	No	<ul style="list-style-type: none"> Intervention calendar will need to reflect the ability of AEMO to manage manual compensation processes under the new final statement posting timeline. 	Q4 2025
	Settlement calendars				
Guides	<ul style="list-style-type: none"> NEM TNSP negative settlement residue procedure NEM settlement revisions policy 	Low	No	<ul style="list-style-type: none"> Administrative changes to reflect new timing of final. 	Q1 2026

Table 9 Current relevant AEMO Retail and Metering market procedures and other documentation

Retail and metering procedures	Effort Required	Consultation Required	Content to be changed	Due Date
<ul style="list-style-type: none"> Metering data delivery calendar Service level procedure (SLP) MDP services 	Medium	Yes	<ul style="list-style-type: none"> MDP SLP changes could include performance for meter exception management Update of the metering data calendar to align with final statement posting timelines. Potential changes to metering data and data stream timing to align with new final posting timelines. Any changes will involve a consultation process 	Q4 2025
<ul style="list-style-type: none"> MSATS procedures MDM procedures Metrology procedure Part A[®] Metrology procedure Part B 	Low	Yes	<ul style="list-style-type: none"> Potential changes may be required to align transaction timeframes with new final statement posting timelines. Note: This should not require system changes in MSATS. 	Q4 2025
B2B procedures (maintained by the Information Exchange Committee (IEC))	TBD by IEC	TBD by IEC	<ul style="list-style-type: none"> B2B working group and IEC to assess if any changes are required to the B2B procedures. 	Q4 2025

Pathway 2 and Pathway 3 are unlikely to materially change the impacts outlined in Table 8 and Table 9 as the effort primarily reflects the requirements of a changed settlement cycle. The notable exception to this is the 'Service level procedure MDP services', whose effort rating is expected to reduce to low as material changes to MDP exception management processes are only required under Pathway 1.

For all procedures, AEMO will look for opportunities to prioritise and/or bundle procedure consultations, including discussion of critical path consultations that may have dependencies with AEMO's and industry's development and testing.

Section 6 sets out AEMO's initial view of the SSC implementation, which indicates that the CLP are the critical procedures to be consulted on and published in advance of the requirements definition to support AEMO's and industry's implementation. AEMO will conduct analysis to understand the impact of the SSC on the ability to meet the NEM prudential standard based on the current [CLP](#), and is currently aiming to complete this and provide it to the AEMC in November 2024. The implementation plan provided in this Draft HLIA assumes that no wholesale change is required to the current CLP methodology, allowing consultation followed by system implementation to

Summary of impacts to key market procedures and other documentation

AREA	IMPACT	COMMENT
<ul style="list-style-type: none"> Prudentials 	HIGH	<ul style="list-style-type: none"> Credit Limit Procedures update (could be significant) NEM settlement estimation guides Reallocations timetable Range of supporting documentation and guides
<ul style="list-style-type: none"> Settlements 	MEDIUM	<ul style="list-style-type: none"> Settlement interventions timetable Settlement calendars Range of supporting documentation and guides
<ul style="list-style-type: none"> Retail/Metering 	MEDIUM	<ul style="list-style-type: none"> Service level procedure MDP Services Metering data delivery calendar
<ul style="list-style-type: none"> Other existing procedures 	LOW	<ul style="list-style-type: none"> Minor/administrative terminology updates to reflect new timetables
<ul style="list-style-type: none"> B2B procedures 	NO IMPACT (TBC)	<ul style="list-style-type: none"> Seeking view from B2B Working Group

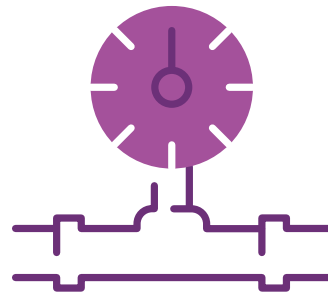
SEEKING FEEDBACK...

Noting that the Electricity Wholesale and Retail Consultative Forums (EWCF and ERCF) will consider prioritisation and bundling of procedure consultations:

- To what extent have the impacts to new and existing market procedures from the SSC draft rule been appropriately captured?
- What changes do you propose and why?

SCC draft rule: Impacts to AEMO's systems

Selwyn Sequeira



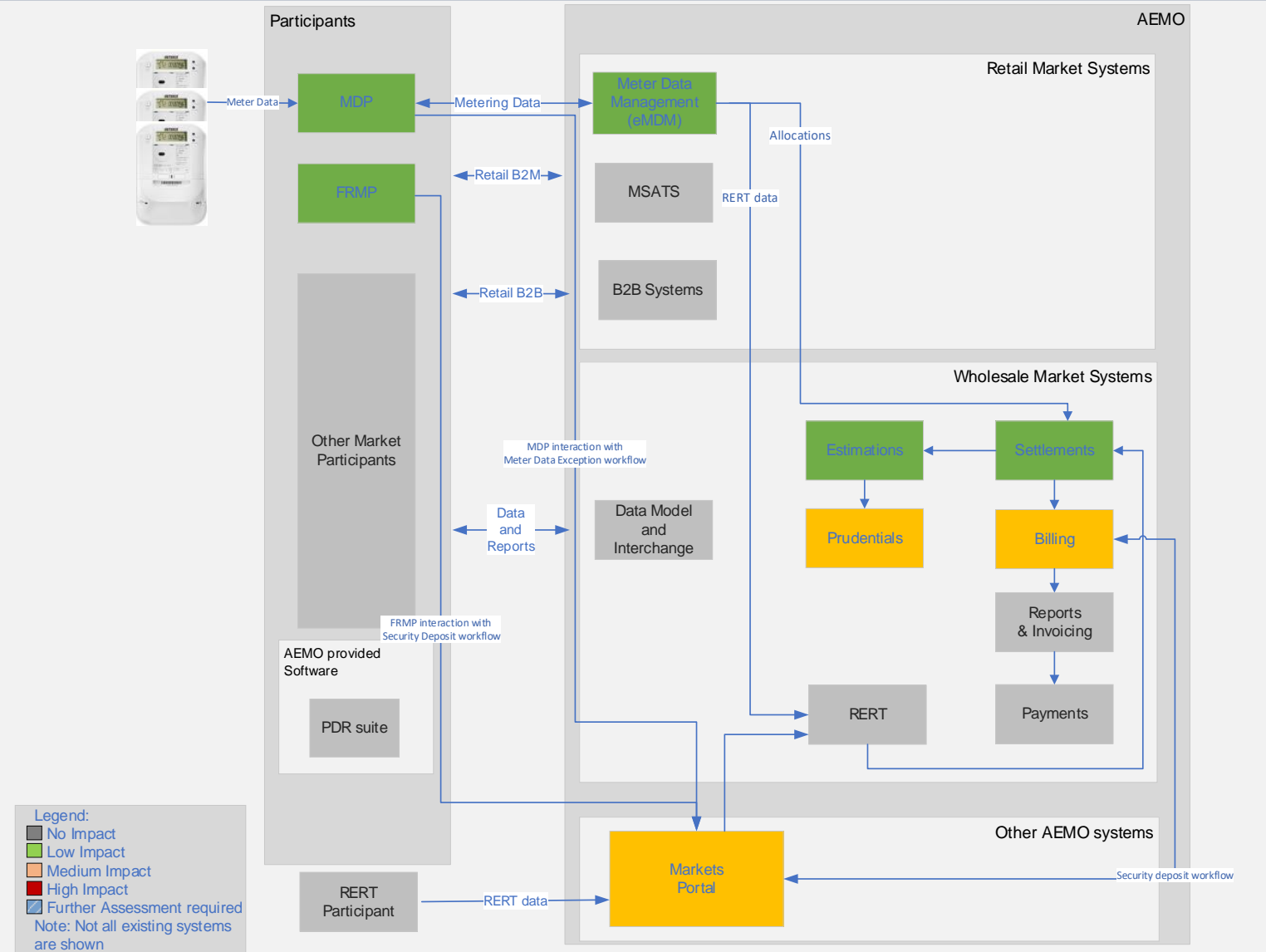
Pathway 1 – Heat Map

SSC draft rule: Impacts to AEMO's systems

Table 10: AEMO System Impacts (Pathway 1)

AEMO System	Summary of impact
Meter Data Management (sMDM)	<ul style="list-style-type: none"> Changes to the Standing Data Quality - (RM28) reports scheduling to align to the new settlement timetable. Changes to the 15-week cutoff for the settlement run types and NSLP freezing timings. Changes to the settlement auto scheduler for INITIAL type settlement runs
MSATS	<ul style="list-style-type: none"> No impacts identified.
B2B Systems	<ul style="list-style-type: none"> No impacts identified.
Settlements	<ul style="list-style-type: none"> Configuration updates to include the new settlement calendar Changes to the settlement auto scheduler for INITIAL allocations received
Estimations	<ul style="list-style-type: none"> Changes to generation estimation if data is not available for Prudential calculations
Prudentials	<ul style="list-style-type: none"> Prudential Engine - change to the calculation of accruals (days outstanding) Calculation to MCL - to be confirmed following analysis Reallocations <ul style="list-style-type: none"> Change to the reallocations timetable. Change to reallocations to be completed no later than final. Impacts to reallocations ex ante and ex post dates
Billing	<ul style="list-style-type: none"> Configuration changes to include the changes in the Billing calendar. Development and integration of new Security Deposit Management functionality.
Reports and Invoicing	<ul style="list-style-type: none"> No impacts identified.
Payments	<ul style="list-style-type: none"> No impacts identified.
Data Model and Interchange	<ul style="list-style-type: none"> No impacts identified.
Markets Portal	<ul style="list-style-type: none"> A new screen in the Markets Portal for Meter Data Exception Management <ul style="list-style-type: none"> This will be used between Settlements, Metering and MDPs to manage settlement related exceptions that need investigation and rectification (and replaces current email based processes). Workflows to be defined in detailed design. A new screen and workflow for Security Deposit Management <ul style="list-style-type: none"> This will be used for FRMPs to identify the provision, application and rollover of security deposit amounts (and replaces current excel and email based processes) This would input into the billing systems. Workflows to be defined in detailed design.
AEMO Software PDR Suite	<ul style="list-style-type: none"> No impacts identified.

Please refer to HLIA for full description of system impact assessment



High level system impacts – Pathway 1

Meter Data Management (eMDM)

- Standing Data Quality reports (RM28) to align to new settlement timetable
- Changes to the 15-week cutoff and NSLP freeze timings

Settlements

- Configuration updates relating to new settlements Calendar

Estimations

- Generation data to be estimated if not available

Prudentials

- Prudential Engine – change to the calculation of accruals (days outstanding)
- MCL calculations – Impact to be confirmed in detailed design
- Reallocations – Changes include the reallocations timetable, reallocation timing no later than final and possibly impacts to reallocations ex ante and ex post dates

High level system impacts – Pathway 1

Billing

- Configuration changes relating to new Billing Calendar
- Integration of the new Security Deposit Management functionality

Markets Portal

- New workflow in the Markets Portal for Meter Data Exception Management
 - Workflow to be used between MDP's and AEMO (Metering and Settlements teams)
- New workflow in the Markets Portal for Security Deposit Management'
 - Workflow to be used by FRMP's to identify the provision, application and rollover of security deposit amounts.

Relative Pathway impacts to AEMO's systems

Relative impacts

Table 11: AEMO System impact changes of Pathway 2 and Pathway 3 relative to Pathway 1

AEMO System	Pathway 2	Pathway 3
Meter Data Management (eMDM)	• Impacts as for Pathway 1	• Pathway 1 impacts • Change in the logic for MDP Settlement Performance Snapshot Report (RM28) to include new revision (R0) • Change in the impact level from Green to Amber
MSATS	• No impacts identified (as for Pathway 1)	• Change in the logic and output for the RM30 to incorporate R0 captured in amended RM28 from eMDM • Change in the impact level from Grey to Green
B2B Systems	• No impacts identified (as for Pathway 1)	• No impacts identified (as for Pathway 1)
Settlements	• Impacts as for Pathway 1	• Impacts as for Pathway 1 • Configuration updates to include the R0.
Estimations	• Impacts as for Pathway 1	• Impacts as for Pathway 1
Prudentials	• Impacts as for Pathway 1	• Pathway 1 impacts • Prudential code changes required to include R0 adjustments in outstandings rather than waiting for next final bill which includes R0 adjustment
Billing	• Impacts as for Pathway 1	• Impacts as for Pathway 1 • Changes for additional revision R0 to settle on next available Final Statement. • Interest calculation changes
Reports and Invoicing	• No impacts identified (as for Pathway 1)	• Additional reports will be issued for R0 revision. • Logic changes to include the Prelim caseid and additional information that has been used in the Final • Change in the impact level from Grey to Amber
Payments	• No impacts identified (as for Pathway 1)	• No impacts identified (as for Pathway 1)
Data Model and Interchange	• No impacts identified (as for Pathway 1)	• Data model changes to incorporate new Settlement Revision R0 and associated posting timings in the billing calendar. • Change in the impact level from Grey to Green
Markets Portal	• As for Pathway 1 except No new screen in the Markets Portal for meter data exception management	• As for Pathway 1 except No new screen in the Markets Portal for meter data exception management

Please refer to HLIA for full description of system impact assessment

Impact	Pathway 1	Pathway 2	Pathway 3
People	<ul style="list-style-type: none"> Additional resources to manage tighter timelines for exceptions 	<ul style="list-style-type: none"> Additional resources to manage exception related queries from participants 	<ul style="list-style-type: none"> Additional resources not required to manage exceptions and additional participant queries
Process	<ul style="list-style-type: none"> New processes to manage exceptions, assumes tighter MDP timelines New security deposit process 	<ul style="list-style-type: none"> No change to exceptions process, resolved by R1 New security deposit process 	<ul style="list-style-type: none"> No change to exceptions process, resolved by R0 New security deposit process
System	<ul style="list-style-type: none"> New interface to Manage exceptions New interface to manage security deposits Uplift in generator estimation processes 	<ul style="list-style-type: none"> New interface to manage security deposits Uplift in generator estimation processes 	<ul style="list-style-type: none"> Changes to billing, mms data model, B2M aseXML schema to include R0 New interface to manage security deposits Uplift in generator estimation processes
Settlement Outcome	<ul style="list-style-type: none"> Intervention settlements not achievable by final assumes move to R1 	<ul style="list-style-type: none"> Exceptions managed at R1 (with risk of material financial adjustments during high price periods) Intervention settlements not achievable by final assumes move to R1 	<ul style="list-style-type: none"> Exceptions managed at R0 Intervention settlements occur at R0
Delivery Date (est)	End June 2026 & End May 2027 Phased approach to delivery: <ul style="list-style-type: none"> Phase 1 – Deliver rule change Phase 2 – Deliver new system interfaces 	<ul style="list-style-type: none"> End June 2026 	<ul style="list-style-type: none"> End June 2026

SEEKING FEEDBACK...

- To what extent have the potential impacts to AEMO systems from the SSC draft rule been appropriately described?
- What changes do you propose and why?

SSC draft rule: Impacts to participants

Chris Fleming



Disclaimer

This presentation includes material outlining AEMO's interpretation of indicative impacts of national energy market (NEM) reforms to energy market systems and processes for energy industry participants, as at 23 September 2024.

The interpretations expressed in this presentation are not binding on AEMO. The interpretation of the impact of NEM reforms may change at any time.

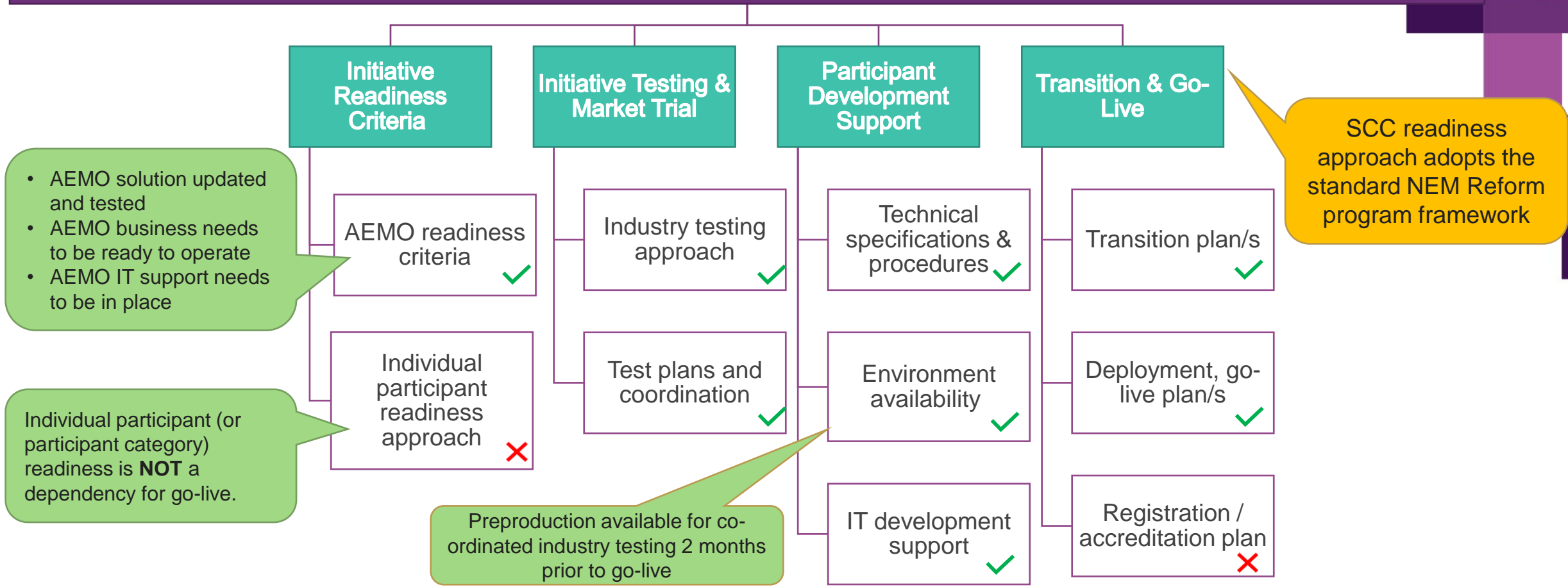
Anyone participating or intending to participate in the NEM should obtain detailed advice about the application of the National Electricity Rules and applicable laws, procedures and policies to their specific circumstances.

To the maximum extent permitted by law, AEMO and its employees or consultants are not liable for any statements in, or omissions from, these materials, or for any use of or reliance on them.

Indicative participant impacts

STAKEHOLDER TYPE	INDICATIVE HIGH-LEVEL IMPACT	COMMENT
Financially Responsible Market Participant	Medium impact expected	<ul style="list-style-type: none"> • Understand new settlement calendars and market intervention settlement timeframes, including the change in timings and potential variations between final and R1 (Pathway 1 and 2) • Amend internal settlement reconciliation processes to align with new calendar and additional revision runs. • Understand new prudential calculations for daily assessment and maximum credit limit requirements. • Modify security deposit process to use interface for security deposit provision, application and rollover instructions to AEMO • Update/renegotiate reallocations and other bilateral energy contracts to reflect the new settlement calendar. • Updates to the data model to incorporate an additional revision in the billing calendar (Pathway 3 only)
Distribution/ Transmission Network Service Providers	No impact expected	
Metering data providers	Medium impact expected	<ul style="list-style-type: none"> • Increased exception management capability and reduced exception resolution timeframes (Pathway 1 only) • Increased AEMO and participant enquiries on metering exceptions (Pathway 2) • Modified processes to receive automated exception reporting and update exception status through a new interface with AEMO (Pathway 1 only)
Metering providers	No impact expected	
Embedded network managers	No impact expected	

SSC INDICATIVE INDUSTRY READINESS APPROACH



RISK & CONTINGENCY MANAGEMENT ✓

INITIATIVE READINESS REPORTING & GO-LIVE CRITERIA MANAGEMENT ✓

SEEKING FEEDBACK...

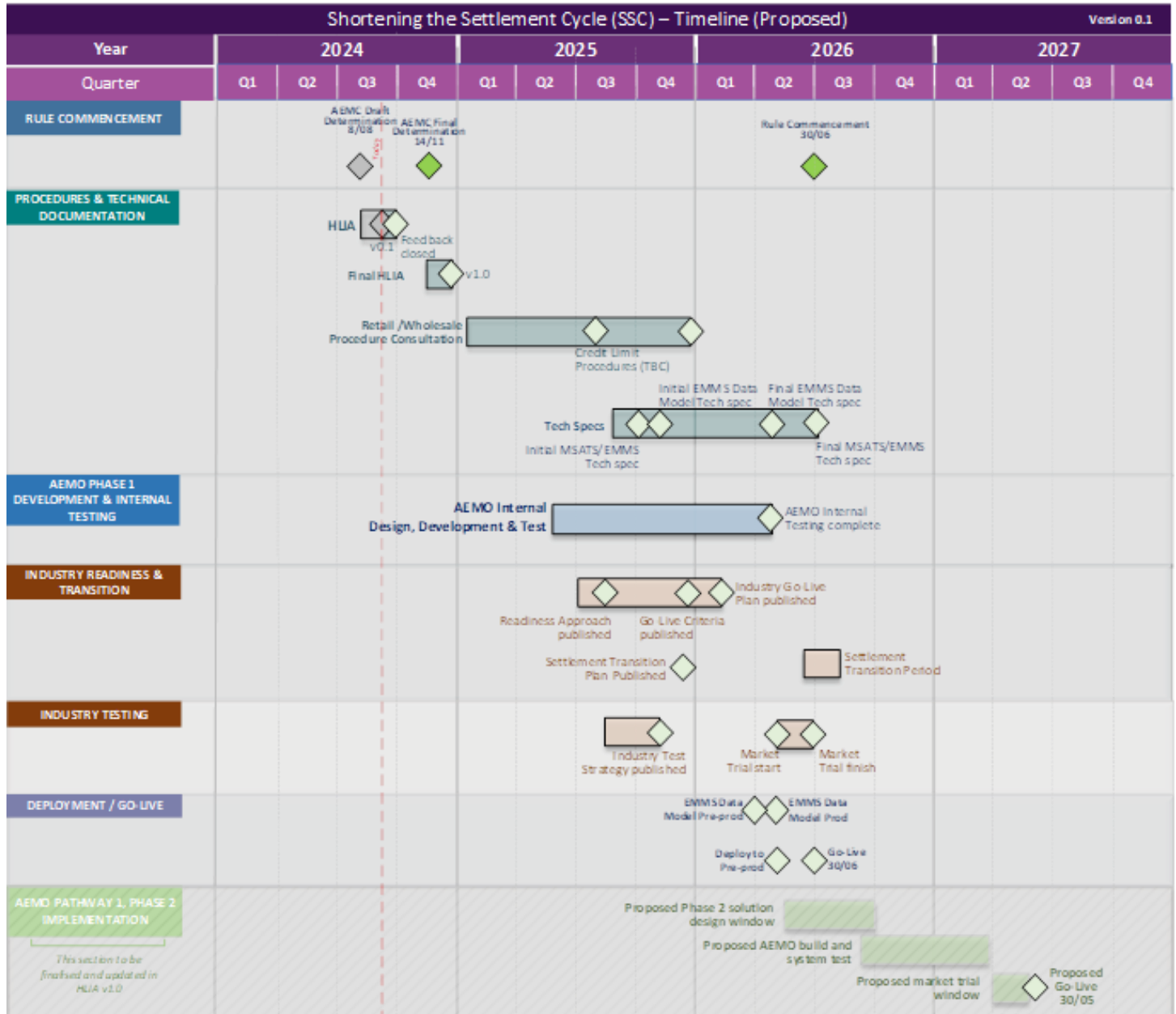
- To what extent do you agree with the impacts AEMO has identified for each stakeholder type? What changes do you propose and why?
- What is the extent of the operational impacts to MDPs if tighter exception resolution timeframes are implemented under Pathway 1? What risk or other factors should be included?
- What impacts do market participants identify under Pathway 2 if exceptions and market intervention settlements are not resolved until R1? What is the change to these impacts under Pathway 1 and Pathway 3?
- What are your views on the indicative readiness approach and their timings?

Indicative implementation milestones

Ruth Guest



SSC indicative implementation timeline



AREA	KEY DELIVERY CONSIDERATIONS
Start date	Discussions to occur with AEMC regarding start date: <ul style="list-style-type: none"> Align with AEMO's twice yearly release date Dependent on scope of CLP changes identified during analysis Currently proposing mid 2026
Procedure consultation	<ul style="list-style-type: none"> Allow sufficient consultation time. Prioritise critical path consultations that have dependencies with development and testing. Look to prioritise and/or bundle procedure consultations (via EWCF/ERCF), including discussion of 'critical path' consultations.
Enhance metering exceptions interface	Pathway 1 may require a second, post Rule effective date, implementation phase to allow time for MDP interface and related processes to be established in support of metering data quality at final in the shorter cycle
Industry support & test	<ul style="list-style-type: none"> Standard pre-production environment available for industry testing. Initial assessment is that a Participant development support environment would not be needed as changes to participant interfaces are not expected to be significant. Requirement for a market trial is under consideration, currently allowing for 2 months. Publish draft tech specs & EMMS Data Model with sufficient time before commencement of Industry testing to support participant development. Proposing a transition period to work with participants and ensure that calendar during transition is understood.

SEEKING FEEDBACK...

- To what extent have the key SSC implementation considerations been appropriately described?
- AEMO has proposed alternative timing for two implementation components if Pathway 1 is adopted
 - the metering exception management interface and
 - security deposit interface.

Do you agree with AEMO's suggested timeframes for these components?

- Are there any other relevant considerations for the timing of SSC?

5. Feedback and next steps

Ulrika Lindholm

Next steps

STAGE	DATES	RESPONSIBLE
AEMC draft rule & determination published	Thu 8 Aug 2024	AEMC
AEMO draft HLIA v0.1 published	Thu 19 Sep 2024	AEMO
AEMO industry briefing on draft HLIA	Mon 23 Sep 2024	AEMO
AEMO feedback period on draft HLIA closes	Mon 30 Sep 2024	Industry
AEMO SSC Draft HLIA v0.2 published (as required) Incorporates industry feedback where appropriate	TBC	AEMO
AEMC consultation period on draft rule closes	Thu 3 Oct 2024	Industry
Final rule determination	Thu 14 Nov 2024	AEMC
Publish final HLIA	Dec 2024 (TBC)	AEMO

AEMO is seeking feedback on its draft HLIA


- Feedback on this HLIA is distinct from submissions to the AEMC's formal rule change process.
- AEMO welcomes any stakeholder feedback on this SSC Draft HLIA by Monday, 14 October 2024 via nemreform@aemo.com.au. Feedback by Monday 30 September will be used to inform AEMO's submission to the AEMC rule change.
- The HLIA and feedback response template is available to download at the [SSC project webpage](#) on AEMO's website.
- Feedback will inform the next draft version of the HLIA.

6. Q&A

7. How to get involved & close

Ulrika Lindholm

NEM Reform Program Engagement

Forums	Forum focus 	Cadence	Approach
Executive Forum	Program overview and status update	3 per Year	Nomination
Reform Delivery Committee (RDC)	Long term implementation planning perspective	Quarterly	Nomination
Program Consultative Forum (PCF)	Inflight initiatives status & co-ordination	Monthly	Open
Implementation Forum	Implementation of reforms	Monthly	Open
Electricity Wholesale (EWCF) & Electricity Retail (ERCF) Consultative Forums	Procedures working groups	Monthly	Open
Industry Testing Working Group	Testing	Monthly	Open
Working Groups	Inflight	As appropriate	As appropriate



To learn more, please visit:

- [AEMO | NEM Reform Program Forums](#)
- [AEMO | NEM Reform Program Initiatives](#)
- [AEMO | Industry Meetings Calendar](#)
- or contact the program at NEMReform@aemo.com.au.

Subscribe to the NEM Reform Newsletter [here](#)

Focus / working groups for inflight initiatives include:

- Initiative working groups
- Market Integration Technology Enhancement WG (IDX/IDAM/PC)
- Industry Testing Working Group (ITWG) – IT technical implementations



For more information visit



NEMReform@aemo.com.au



[AEMO | NEM Reform initiatives | SSC](#)

Appendix A – AEMO Competition Law Meeting Protocol

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AEMO Competition Law - Meeting Protocol

AEMO is committed to complying with all applicable laws, including the Competition and Consumer Act 2010 (CCA). In any dealings with AEMO, all participants agree to adhere to the CCA at all times and to comply with appropriate protocols where required to do so.

AEMO has developed meeting protocols to support compliance with the CCA in working groups and other forums with energy stakeholders. Before attending, participants should confirm the application of the appropriate meeting protocol.

Please visit: <https://aemo.com.au/en/consultations/industry-forums-and-working-groups>

Appendix B –Glossary

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Glossary

TERM	DEFINITION
APC	Administered price compensation
API	Application programming interface
aseXML	A Standard for Energy Transactions in Extensible Markup Language
CLP	Credit Limit Procedures
CER	Consumer energy resources
eMDM	Enterprise Meter Data Management
EMMS	Electricity Market Management System
ERCF	AEMO's Electricity Retail Consultative Forum
EWCF	AEMO's Electricity Wholesale Consultative Forum
FRMP	Financially Responsible Market Participant
FTP	File Transfer Protocol
IEC	Information Exchange Committee
JSON	JavaScript Object Notation
MCL	Maximum Credit Limit
MDP	Metering Data Provider
MMS	Market Management System

TERM	DEFINITION
MSATS	Market Settlement and Transfer Solution
NMAS	Non-market ancillary service
NSLP	Net system load profile
PASA	Projected Assessment of System Adequacy (Short Term and Medium Term)
PDR	Participant Data Replication
R0	A settlement revision statement proposed to be posted 20 BD following the billing week
R1	A settlement revision statement posted approximately 20 weeks following the billing week
RERT	Reliability and Emergency Reserve Trader
SLP	Service Level Procedures