



28 August 2020

Australian Energy Market Operator
MELBOURNE VIC 3001

Submitted online to: stakeholderrelations@aemo.com.au

Dear Sir/Madam

Submission: Renewing AEMO's Engagement Model

CS Energy welcomes the opportunity to provide a submission on the Australian Energy Market Operator's (**AEMO**) *Renewing AEMO's Engagement Model* paper (**Paper**).

About CS Energy

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide coal-fired power stations. CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and is part of the South-East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

General comments

CS Energy supports the steps being taken by AEMO to review and improve its stakeholder engagement. CS Energy considers it essential for resilient market operations that healthy working relationships are developed and maintained between stakeholders and the system and market operator, for which key attributes include trust, respect, inclusion and transparency.

CS Energy has worked to develop a strong working relationship with AEMO, with representation on several AEMO working groups and committees, as set out in Appendix A. CS Energy also fosters informal engagement with AEMO, seeking to inform and learn from AEMO on relevant market and system operations issues.

Recently, CS Energy's Market and Power System Specialist was key in instigating the Operations Relationship Forum between AEMO and Australian Energy Council members, with the objective to review and assess current stakeholder engagement techniques to ensure alignment with both AEMO and stakeholder preferences and expectations.

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AEMO's structure and governance proposal

Preferred Option

CS Energy is aligned with AEMO's overarching reform objective stated in the Paper, which is to deliver a more collaborative, transparent and dynamic experience for AEMO's stakeholders.

CS Energy considers these objectives can be effectively delivered by making improvements to AEMO's business as usual (**BAU**) model, that is, Option 1 "*uplift business as usual*". Given the identified shortcomings with current BAU, CS Energy strongly encourages AEMO to prioritise BAU before even considering other reform options. As noted in the Paper, stakeholders have already provided feedback identifying concerns with AEMO's current engagement process, with suggestions also put forward on how stakeholder engagement may be improved. AEMO must now deliver on the suggested improvements. While high level concepts have been referred to in the Paper, little detail was provided in the discussion on Option 1 as to the practical steps AEMO proposes to take to "*uplift business as usual*".

CS Energy considers the key improvements which need to be made to BAU are with respect to transparency and engagement.

(a) Transparency

Examples of steps AEMO can take to improve transparency are as follows.

- Communicate its reasoning behind decisions, including, where there are changes to positions formulated through working groups, advise members of the change in direction and the reasons for that change in a timely manner.
- Publish evidence for how decisions and positions are formulated, including raw data and assumptions.
- Provide regular updates on the implementation of all reforms (not only those reforms considered significant such as 5MS-GS).
- Publish responses to consultation processes, thereby ensuring the process is open and collaborative.
- Extend information sharing to all stakeholders, do not limit information sharing to members (other than confidential or sensitive subject matter).
- Ensure information is easier to find.

(b) Engagement

The Paper is limited in its focus to AEMO's formal communication with stakeholders. AEMO can better engage with stakeholders by connecting more frequently through informal discussions. CS Energy considers informal discussions enhance the flow of information between the parties, with an opportunity for a more open exchange of ideas that may not be available at a public forum, and allow the parties to reach a common understanding of each party's respective positions and issues.

In addition to the stakeholder information updates proposed in the Paper, which CS Energy supports, CS Energy encourages AEMO to meet regularly on an informal basis with stakeholders and industry peak bodies; with AEMO attendees not limited to its stakeholder engagement team but include attendance by planning, forecasting, markets and operational staff as appropriate. CS Energy regularly schedules informal meetings with the market bodies and the Energy Security Board and finds these engagements facilitate information sharing as well as developing valuable working relationships.

The information exchanged at such meetings is intended to be provided on an informal basis. CS Energy is conscious of AEMO's push at times for information provided by stakeholders to AEMO to be formalised on "letterhead". CS Energy disagrees that all exchanges of information must be formalised, and considers this limits the opportunity for stakeholders and AEMO to inform and learn from each other.

CS Energy considers AEMO can also better engage with stakeholders by:

- Providing balanced information to keep stakeholders informed.
- Obtaining feedback on alternatives and draft proposals.
- Working with stakeholders to formulate alternatives and allowing for "thought development and testing" by industry subject matter experts.
- Working with stakeholders to ensure their concerns and objectives (as appropriate) are addressed in the alternatives developed.

To ensure that AEMO's level of transparency and engagement is aligned with stakeholder expectations, CS Energy suggests AEMO undertake (annually) an independent survey to obtain stakeholder feedback on AEMO's transparency and engagement. To gain stakeholder confidence, survey results should be published together with AEMO's response to the survey results.

Feedback on Option 2 and Option 3

CS Energy is unable to provide a view on Option 2 "*Uplift and realign business as usual*". CS Energy agrees that the key streams proposed reflect the current status of the market, however there is a lack of detail in the Paper justifying the division of the working groups on this basis. AEMO have not articulated the benefits in replacing the current working group approach with a streamlined approach of aligning working groups into four key streams. AEMO's justification (other than it reflects the current market status) is that the streams will allow a "*more coordinated and targeted approach [and] Greater focus would be put on using the working groups for collaborative and consultative purposes*". Current working groups are subject matter specific; and all have the general intended purpose to be collaborative and consultative. So, this statement could be made of the current working group approach.

CS Energy does not support Option 3 "*Uplift and realign, with co-chaired strategic oversight*". The NEM was established with clear governance arrangements strictly separating policy, rule-making, regulation and market operations across the market bodies; with AEMO's responsibility being market and systems operations. Strategic working groups do not fall within AEMO's remit. However, should AEMO proceed with implementing some version of Option 3, CS Energy strongly disagrees with:

- The appointment of representatives by invitation, as this will undermine confidence in the panel (whether it is a panel such as the proposed CEO roundtable or executive advisory panel); appointments should be peer appointed or appointed by industry peak bodies.
- The exclusion of employees of industry peak bodies from being nominated to sit on these types of panels (or being excluded from any AEMO working groups or committees); employees of industry peak bodies typically have a depth of industry knowledge that is invaluable in these forums and can facilitate input from across their memberships.

Working groups

CS Energy broadly supports the membership principles for working groups set in the Paper.¹ Further issues AEMO should consider are as follows.

- Current forums and committees should be reviewed to ensure they are making efficient use of stakeholder time and resources, and eliminating duplication. However, this should be a regular annual review, with stakeholder input, and AEMO publishing the updated status of each forum and committee, that is, new, continuing or discontinued.
- Membership should also be reviewed to ensure representation remains appropriate (that is, the individual with the right subject matter expertise is attending). CS Energy disagrees that all members should bring “broad input to the forum”. Not all members may be as vocal as others in their participation, however membership will remain beneficial to an organisation as the information shared at the working group or committee is then shared throughout the organisation.
- Each working group and committee should have a clearly defined objective. This will assist stakeholders to decide if it should participate in the working group or committee - is it relevant or important from the organisation's perspective. Clear objectives will also assist in determining if the working group or committee should continue. For example, if a group's objective was to implement a specific project and this project has been delivered, the working group or committee can be disbanded.

Additional suggestions to improve engagement

The engagement proposal put forward in the Paper focuses on structure and governance issues. CS Energy would encourage AEMO to consider the following additional suggestions on steps that can be taken to improve engagement with stakeholders.

- Publish a forward-looking calendar of engagement and consultation timelines (which information could be included in the AEMO industry meetings calendar which provides advanced notice of meeting dates for working groups and committees²), similar to the calendar published by the AEMC.³
- Coordinate across AEMO to ensure that stakeholders are engaged on a topic efficiently rather than different areas within AEMO engaging separately.

¹ AEMO, *Renewing AEMO's Engagement Model*, July 2020, section 4.1, p11

² <https://www.aemo.com.au/consultations/industry-forums-and-working-groups/calendar>

³ <https://www.aemc.gov.au/calendar>

- Given the significant volume of reform currently being progressed, CS Energy encourages AEMO to co-ordinate meetings with those scheduled by the AEMC and the ESB. Participant's representatives are frequently faced with meeting times that conflict, or are closely scheduled limiting preparation time for each meeting.
- Meeting and consultation papers should be distributed well in advance, with reasonable time provided to allow proper consideration of the issues at hand.

If you would like to discuss this submission, please contact Teresa Scott (Market Policy Manager) on tscott@csenergy.com.au or 0438 665 056.

Yours sincerely



Teresa Scott
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APPENDIX A

CS Energy representation on AEMO working groups and committees

5-minute settlement working groups

NEM Wholesale Consultative Forum

Scheduling Error Working Group

AEMO Summer Readiness Forum

STPASA Replacement Project

AEMO Forecasting Working Group

Intervention Pricing Working Group

AEMO System Restart steering committee Working Group

Queensland Region System Restart Working Group

Marginal Loss Factor Forum

Primary Frequency Response Working Group