

AEMO SUBMISSION RENEWING AEMO'S ENGAGEMENT MODEL 2020

COMMENT

The comment is divided into three sections, the first covering answers to the questions listed where appropriate, the second covering a statement about the engagement model and the third on other matters pertinent to the effective operation of the process.

1 ANSWERS TO QUESTIONS

While there are a number of different titles "forums" in the following comments refer to any of the forums, working groups, committees, studies, etc.

Group membership

I attend meetings of FRG and ISP and provide comments when I think they might be a useful contribution.

Useful forums

I operate a small consultancy focussed on aspects of the electricity system and am therefore an independent participator. I was previously Chief Scientist of Pacific Power.

Reason for forum attendance

This depends on the projects in hand but the future stability of the power system is of paramount interest.

Forum value

They provide AEMO thinking, particularly with respect to future direction. They also provide for comment on AEMO proposals.

Forum experience improvement

See section 3 on other matters

Overall experience

The overall experience is positive in providing information and the thought train that results in necessary decisions.

Focus improvement

The primary focus should be on maintaining the stability/reliability of the power system and expanding it at reasonable cost to the customer. A secondary driver is to minimize carbon usage but this should not be at the expense of stability/ reliability, leaving other carbon users to share more of this requirement.

Any improvements should make investment in the power system easier for potential investors. The ongoing success of AEMO depends on a continuing investment flow in facilities needed at that time in the development of the market.

Proposed new models

The present model works well in the two forums that I attend and I would not like to see the loss of this relatively free and spontaneous activity. Comments are made that may or may not be taken up by management.

The second model is a reasonable clarification of the present model and could retain its advantages. It has the advantage that AEMO remains in control. It has the disadvantage of forming silos and this would require constant attention.

The third model appears to be too formal for a volunteer type organization. It would be difficult to maintain the present relations. It may also develop pressure groups that are presently absent. It is so formal that AEMO is no longer in control and there are potential impasse situations. In such cases who would have acceptable precedence in the eyes of customers and politicians, the board of AEMO or the CEO's roundtable?

Line of sight

Issues are seen to be specific forums, particularly with respect to sunset groups.

Connections

The present connections between AEMO, industry and consumers is probably adequate. The link to potential investors in the industry is missing. While there is sufficient investment flow now this needs to be cultivated to ensure an ongoing flow of investment.

Three options for strategic committee

None of the suggestions are seen to be appropriate. If AEMO considers it needs an external strategic committee it should carefully select potential members and approach them separately to serve for a fixed term.

Ensure issues covered

The present arrangement seems able to identify necessary issues.

Flexibility to cover necessary issues

Arrangements 1,2 allow AEMO to specify necessary flexibility. Arrangement 3 puts matters in the hands of the relevant committee.

Inter-related tiers

The three-tiered approach is adequate. However, it must be stressed that the strategic committee must be looking well beyond the horizon.

Consumer panel

Notwithstanding the AEMC focus on the customer they do not seem to have an identifiable voice. It would be politically difficult to eliminate their position. Integrating them into existing electricity panels is a possibility but is prone to political displeasure, particularly if the price of power does not improve.

Gaps in proposal

The proposal is seen to cover the needs of AEMO with the addition of a potential stakeholder (investor) and international committee seeing the rapid changes in the industry.

Integration of forums

While there seem to be an excess number of necessary forums many of these are sunset in nature.

2 STATEMENT

There are a number of matters pertinent to this review of the engagement model that should be discussed/considered.

Engagement model

There are two critical elements of the AEMO engagement model that are missing. The first of these is the potential stakeholder or investor. Investment in organizations associated with AEMO has scaled back in recent times. The causes of this phenomenon lie partly with government incentives and partly with operational difficulties within AEMO. It is critical that AEMO extend its definition of engagement to include potential stakeholders to try and allay their concerns.

The second area of engagement missing lies with international linkages to other similar organizations who are facing similar problems. In particular those organizations operating isolated power systems that cannot call on adjoining power in time of need such as OCCTO is doing in Japan.

Formality

The proposals suggest a move to a more formal arrangement. While this may be necessary there is much to be said for the present relatively informal approach. Any change must try to maintain close to the present situation.

AEMO

We are in a complex process of change and some critical matters need discussion. The first of these is the ongoing role of AEMO. There are a number of power systems in operation in Australia and new ones proposed. Any development proposed for AEMO should not preclude the eventual amalgamation of these systems into an Australian system.

In particular common rules should be sought. The prime reason for this lies in making the potential investors understanding as straightforward as possible and in particular avoiding the possibility of investor competition for systems with different sets of rules and regulations. While this may be out of the hands of AEMO it is of significant concern.

3 OTHER MATTERS

It would seem that the use of “webex “or similar is with us for some time. There is a case to improve the exchange of information mechanism where possible.

Presentations

Presentations are generally clear with respect to language but suffer from poor colour combinations for reading from a screen. Some combinations such as black lettering on grey background are not acceptable. It is recommended that all writing be black on a white background with an identifying colour in a narrow strip across the top or bottom of the image.

In addition, the meetings are concerned with delivering information or discussing possible alternatives. It is recommended that these be identified with two different colours so that there is immediate understanding on the provision of direction or discussion.

Presenters

While the general level of presentation is adequate there are some presenters whose "umms/minute" is excessive. There is a case to put all presenters through a proper presentation course. This comment also applies to visiting presenters.

Committees

Committees/groups need to be identified as "on going" such as forecasting reference group or "sunset" to cease when a target is reached such as integrated system plan.

It would be useful to have a list of members of a specific committee, perhaps only available to those members so that members with like interests can communicate.

Minutes

The previous procedure of identifying the contributor was lengthy and the newer procedure of identifying the topic/decision/direction is seen to be more objective. However, losing the source of an idea/modification is also seen as a real loss when follow up is needed. An answer possibly lies in keeping the recordings of meetings that can be referred to when necessary.

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