

5MS Executive Forum No.4 Meeting Notes

MEETING: Five-Minute Settlement Executive Forum
DATE: Wednesday 20 February 2019
TIME: 2:00PM – 4:00 PM (AEDT)
LOCATION: AEMO Offices Melbourne, Sydney, Brisbane, Norwest,
Video/Teleconference

Attendees:

Attendee		Office
Peter Geers (Chair)	AEMO	Brisbane
Joe Locandro	AEMO	Melbourne
Graeme Windley	AEMO	Melbourne
Peter Carruthers	AEMO	Melbourne
Sonja Nigmann	AEMO	Melbourne
Mal Borschman	AEMO	Melbourne
Buzby Kuramoto	Alinta Energy	Melbourne
Camille Hymer	Tango Energy	Melbourne
James Barton	Simply Energy	Melbourne
Robert Lo Giudice	IntelliHUB Group	Melbourne
Stephanie Macri	Red Energy & Lumo Energy	Melbourne
Chris Muffett	AEMO	Norwest
Emily Brodie	AEMO	Sydney
Cameron Fisher	Snowy Hydro	Sydney
Dean Lane	Origin Energy	Sydney
Andrew Kennan	AusNet Services	WebEx
Corinna Woolford	Aurora Energy	WebEx
Glenn Pallesen	Evo Energy	WebEx
Jorge Heijo	ANZ	WebEx
Kevin Webster	Jemena	WebEx
Kylie Holland	AusNet Services	Dial in
Melinda Buchanan	AGL	WebEx
Owen Self	Stanwell Corporation	WebEx
Ross Edwards	Energy Australia	WebEx
Sam Bristow	Intergen	Dial in

Note: several attendees who joined through dial in were not identified

1.0 WELCOME, INTRODUCTION AND APOLOGIES – P. Geers

Attendees were welcomed, and no apologies were noted.

2.0 MINUTES AND ACTIONS FROM THE PREVIOUS MEETING – P. Geers

The Minutes from Executive Forum 3 held on 13 November 2018 were confirmed. No actions from previous meetings were discussed.

3.0 PROGRAM UPDATE – G. Windley (Slides 5-10)

G. Windley talked to the 5MS Program Status (slide 6) and noted that AEMO's implementation program is on track. Readiness activities were discussed, with AEMO currently ramping up these activities with an initial view on milestones to be presented to the next PCF.

G. Windley discussed the current program timelines (slides 7-9), which are intended to provide stakeholders with guidance on when key information and resources would be available to allow them to develop their own program delivery. It was noted that AEMO is currently developing a more structured approach to key milestones and reporting of progress, which will be discussed with the PCF and brought to the next EF meeting. Risk and Industry Register can be viewed [here](#).

4.0 5MS IMPLEMENTATION APPROACH AND COST RECOVERY – J. Locandro and P. Carruthers (Slides 11-25)

J. Locandro talked through the technology approach for 5MS and GS (slides 14-16), particularly noting that AEMO considers the option engage a system integrator to assist in developing a new metering data system as being the most appropriate approach for meeting the requirements of 5MS and GS, and to provide flexibility to meet future needs. AEMO has undertaken a comprehensive process to consider the options available and to evaluate potential partners, which has culminated in a decision being made and a system integrator being engaged.

J. Locandro discussed the high-level costs of the 5MS program, outlining that the expected total cost of ownership was \$121 million over 10 years. It was also noted that this option was considered the most cost effective, as existing legacy systems would incur high infrastructure costs, and a product-based solution would incur high licensing costs.

Members raised a number of questions with regards to the implantation approach:

- What impact would the approach have to MSATS?
J. Locandro outlined that the new metering data system would replace the existing MDM component within MSATS, however the existing CATS component that is responsible for customer transfer processes would remain.
- What are the differences in cost between the options considered?
J. Locandro outlined that the alternative options considered had higher total cost of ownership, but also stressed that the option of retaining the existing legacy system was not feasible considering the risks associated with significant increases in meter data volume.
- During the rule consultation a number of \$250 million was identified – how does this relate to AEMO?

P. Carruthers noted that this was a number provided by the industry on the potential cost of implementing 5MS and did not include AEMO costs.

- What information did AEMO provide the AEMC on costs?

C. Muffett outlined that as part of the preparation of the AEMC's draft determination, AEMO provided a high-level design that included implementation costs. These costs were broken down into separate capital and operational costs, and based on an outsourced metering data solution. P. Carruthers noted that these numbers equate to a total cost of ownership of up to \$85 million over ten years and are of similar magnitude of the most current estimate.

- How much of the cost is associated with discretionary build (i.e. to cover future requirements)?

J. Locandro outlined that the work program was entirely scoped at delivering the required changes to support 5MS and GS, and that a large proportion of the cost was necessary to meet the expected growth in metering data.

- Does the \$121 million include operating costs?

J. Locandro confirmed that this includes ten years of operational costs

- What information has been shared with the technology stack being used?

G. Windley outlined that information was provided to the PCF in February, and more detail would be provided through the 5MS Systems Working Group (SWG)

Members questioned the extent to which the new metering system will be “future-proof” and raised that the industry had a number of improvements to retail and metering systems that should be considered at the same time. P. Carruthers suggested that it would be helpful for AEMO to gather these requirements and consider how they might be incorporated in the future.

Action 4.4.1: AEMO to engage with the industry on areas of potential improvement and future need for the retail and metering systems.

P. Carruthers discussed the industry impact of 5MS (slides 20-21), in particular, the cost recovery options were noted, and that AEMO was exploring the option a treating 5MS/GS as a “declared NEM project” which would involve a bespoke recovery methodology.

Members asked when AEMO would provide more information on cost recovery. P. Carruthers pointed out that AEMO would formally consult with stakeholders on cost recovery options and committed to providing timelines for the consultation.

Action 4.4.2: AEMO to provide further information including timing of consultation on 5MS cost recovery.

P. Carruthers discussed the high-level implementation timeline (slide 22), including the various activities related to readiness.

Members raised several questions with respect to cost recovery and timelines:

- When was the decision made on investment in the AEMO's 5MS Program?
P. Geers outlined that decisions were progressively developed starting April 2018, shortly after the final 5MS rule was made.

- What stage gates are in place for AEMO's Program?
G. Windley outlined that several key milestones had been identified, and these would be provided as part of AEMO's structured approach to milestones and status reporting.
- Would heightened support be provided following implementation?
G. Windley outlined that heightened support was part of AEMO's initial readiness planning, and this would be further clarified as part of the readiness workstream.
- What happens if there are further regulatory changes during the period of implementation?
P. Carruthers outlined that AEMO is expecting this would be dealt with as part of the normal rule change process, and that it was important for stakeholders to articulate any impacts to the AEMC.
- Was a change freeze required to support 5MS/GS implementation?
P. Carruthers said that this was a matter for the AEMC, but that AEMO would further engage with the AEMC on the potential impact of other rule changes and reforms.

Action 4.4.3: AEMO to engage with the AEMC on the revised cost on the implementation program, the potential implications from other reforms underway, and AEMC representation at the Executive Forum.

P. Carruthers discussed the expected benefits from AEMO's 5MS implementation approach (slides 24-25), stressing that the first three benefits were core deliverables (continued reliable operation, reduce risk of legacy systems, support projected growth of meter data).

5.0 GENERAL QUESTIONS – P. Geers

Red/Lumo raised concerns about the stakeholder engagement approach for changes to metering procedures and noted that it appeared AEMO was not taking stakeholder feedback into consideration.

C. Muffett pointed out that Metering Package #1 was going to be finalised in March, which would outline the approach that AEMO is proposing to take with regards to meter data delivery. This approach would then be implemented as part of Metering Package #2 which begins consultation in May. It was proposed that AEMO meet with Red/Lumo to discuss the proposed approach, and the specific areas of feedback on the consultation process.

Action 4.5.1: AEMO to engage with Red/Lumo with regards to the metering workstream and consultation.

6.0 FORWARD MEETING PLAN – P. Geers (slides 26-28)

The date of the next Executive Forum has not been set, but is expected to occur in May 2019

Attendees were thanked for their attendance.

Item	Topic	Action required	Responsible	Status
EF 2				
2.5.1	Technology Approach - Costs	AEMO to aim to deliver 5MS Program as cheaply and effectively as possible. Action: W. Borovac to contact 5ms@aemo.com.au to arrange time to discuss	Wally Borovac Peter Geers	OUTSTANDING AEMO to follow-up with HydroTas following discussions in January
EF 4				
4.4.1	5MS implementation approach and cost recovery	AEMO to engage with the industry on areas of potential improvement and future need for the retail and metering systems.	Peter Carruthers	NEW
4.4.2	5MS implementation approach and cost recovery	AEMO to provide further information including timing of consultation on 5MS cost recovery.	Peter Carruthers	NEW
4.4.3	5MS implementation approach and cost recovery	AEMO to engage with the AEMC on the revised cost on the implementation program, the potential implications from other reforms underway, and AEMC representation at the Executive Forum.	Peter Carruthers	NEW
4.5.1	General questions	AEMO to engage with Red/Lumo with regards to the metering workstream and consultation.	Chris Muffett	NEW