5MS Procedures Working Group (PWG) Meeting Notes

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| MEETING: | 2 |
| DATE: | Monday 27 August 2018 |
| TIME: | 10:00 AM - 1:00pm |
| LOCATION: | AEMO Offices Melbourne, Sydney, Brisbane, Adelaide and Video/Teleconference |

Attendees:

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| **Attendee** | **Organisation** | **Office** |
| Adam Gritton | Stanwell  | Brisbane |
| Emily Brodie | AEMO (Chair) | Brisbane |
| Leo Aliakbari | Stanwell | Brisbane |
| Michael Sanders | AEMO | Brisbane |
| Ricky Brooks | Stanwell | Brisbane |
| Robert Pane | Intergen | Brisbane |
| Adrian Honey | Tas Networks | Dial in |
| Dino Ou | Endeavour Energy | Dial in |
| Divya Kapoor | Flow Power | Dial in |
| Greg Szot | Powercor Australia | Dial in |
| Ingrid Farah | Ergon Energy | Dial in |
| Jane Hutson | Ergon Energy | Dial in |
| Jonathan Briggs | Metering Dynamics | Dial in |
| Neville Lewis | Select Solutions | Dial in |
| Oliver Jessup | Stanwell Corporation | Dial in |
| Paul Willacy | Aurora Energy | Dial in |
| Ralph Martin | Hydro Tasmania | Dial in |
| Richard Metherell | Secure Meters Australia | Dial in |
| Tim Lloyd | Essential Energy | Dial in |
| Ty Crowhurst | Acumen Meters | Dial in |
| Wayne Turner | Ausgrid | Dial in |
| Andrew Godfrey | Energy Australia | Melbourne |
| Arunesh Choubey | Red Energy | Melbourne |
| Canh Diep | AEMO | Melbourne |
| Chantal Wright | Momentum Energy | Melbourne |
| Chris Muffett | AEMO | Melbourne |
| Dan Mascarenhas | AGL | Melbourne |
| Haiden Jones | Powershop | Melbourne |
| Jennifer Fikret | AEMO (Secretariat) | Melbourne |
| Justin Betlehem | AusNet Services | Melbourne |
| Panos Priftakis | Snowy Hydro | Melbourne |
| Paul Greenwood | Vector AMS | Melbourne |
| Peter Spittle | Jemena | Melbourne |
| Piera Lorenz | Telstra | Melbourne |
| Rajiv Balasubramanian | Jemena | Melbourne |
| Shaun Cole | Origin Energy | Melbourne |
| Stephanie Lommi | Red & Lumo | Melbourne |
| Anders Sangkuhl | Alinta Energy | Sydney |
| Jason Pereira | Landisgyr | Sydney |
| Linda Brackenbury | Plus ES | Sydney |

1. **WELCOME, INTRODUCTION and APOLOGIES – Emily Brodie (AEMO)**

Attendees were welcomed to the second Procedures Working Group meeting.

**MINUTES & ACTIONS FROM PREVIOUS MEETING – Emily Brodie (AEMO)**

Previous Minutes - list of attendees amended as requested.

Actions from Previous Minutes updated as per attached.

1. **PROCEDURES WORKSTREAM UPDATE, INCLUDING FOCUS GROUP UPDATES – Emily Brodie (AEMO) –** Slide 12 to 15

A Metering Focus Group (MFG) and Dispatch (DFG) – Bids and Offers Focus Group meeting have both been held. The MFG have outstanding actions.

AEMO welcome discussion on impacts to participants systems and noted the 5MS program presents a unique opportunity to review the interface used for bidding, however will ensure any alterations do not put the 5MS program at risk.

1. **SETTLEMENTS PROCEDURES – ESTIMATIONS – Canh Diep (AEMO) –** Slide 17 to 22

Under AEMO’s Estimation Policy quality data is used. A link to the policy is supplied [here](https://www.aemo.com.au/-/media/Files/Electricity/NEM/Settlements_and_Payments/Settlements/2016/NEMSettlementEstimatesPolicyv11.pdf).

Settlement estimates are used primarily for monitoring market participants’ prudential exposures. Settlement estimates have never been used to produce final settlement statements as AEMO have robust business processes and IT systems to manage settlement operational risks due to system and/or communication failures.

AEMO have considered three options for the estimation policy methodology:

1. Leave methodology unchanged and continue to perform calculation at 30-minute level (the least cost option).
2. Leave methodology unchanged but perform calculation at 5-minute level. Currently this is AEMO’s preferred option, as the cost is relatively modest.
3. Fundamental change to methodology – developing a new methodology which can be a costly and risky option as a large change in this space may incur delivery risk.

AEMO recommends that when 5MS commences the estimation methodology requires that the input data be provided at 5-minute granular level. AEMO will continue to monitor the performance of the methodology after 2021. It is not expected that a Global Settlement rule will affect the estimations policy or guide.

Other changes proposed by AEMO are to replace Section 5 with AEMO’s existing business processes and/or procedures unrelated to 5MS.

C. Diep will present details of the changes in Section 5 at the Settlement Manager Working Group meeting in September.

The [Settlement estimation guide](http://aemo.com.au/-/media/Files/Electricity/NEM/Settlements_and_Payments/Settlements/2016/Settlements-Estimation-Guide.pdf) provides technical details not included in the Policy document. AEMO proposed to apply editorial changes to improve the clarify and readability of the document.

Important dates for the consultation approach are:

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| **Focus group meets if required** | **TBD if required** |
| Present to Settlement Managers Working Group | Wednesday, 19 September 2018 |
| AEMO publish first stage notice, draft policy and draft consultation paper | Monday, 26 November 2018 |
| PWG first stage notice submissions due  | Monday, 21 January 2019 |
| AEMO publish second stage notice, updated draft policy, draft report and non-confidential submissions | Tuesday, 19 February 2019 |
| PWG second stage notice submissions due | Tuesday, 5 March 2019 |
| AEMO publish final stage notice, final policy, final report and non-confidential submissions | Thursday, 4 April 2019 |

PWG members are to provide feedback on AEMO’s preferred approach to estimation, the high-level impact assessment for the policy, the guide and AEMO’s consultation approach (Action 2.3.1).

C. Diep to seek feedback from the next Settlements Managers WG meeting on whether a focus group is required to discuss in detail the proposed changes to the estimations policy and guide. Feedback will also be sought on the format a focus group meeting (Action 2.3.2).

1. **DISPATCH PROCEDURES - PRICING – Michael Sanders (AEMO) -** Slide 25 to 27

There will be no change for participants with regards to default bidding under 5-MS.

The Intervention Pricing Methodology and Market Suspension Pricing Schedule draft determinations to be released next month will be distributed to the entire market as they are Rules consultations. Links to the consultation documents will be included in the 5MS fortnightly update.

No changes are planned to the Market Price Cap under 5MS. the Market Price Cap is determined by the Reliability Panel and is not set by AEMO.

1. **OTHER BUSINESS: GENERAL QUESTIONS – Emily Brodie (AEMO)**

The GS draft determination and rule will be published for consultation by the AEMC on Thursday 30 August. The final determination will be released in November.

Further questions can be sent to 5ms@aemo.com.au.

1. **FORWARD MEETING PLAN – Emily Brodie (AEMO)**

Attendees were thanked for their attendance and advised of future PWG meetings for 2018;

* Thursday 13 September.
* Thursday 11 October.
* Friday 16 November.
* Thursday 13 December.

~~Metering Focus Group (Sydney – face to face only)~~

* ~~Wednesday, 5 September~~

*\*\*The metering focus group has since been cancelled and replaced with a joint metering/systems focus group on Friday 14th September in Melbourne.\*\**

Program Consultative Forum

* Monday 3 September

Executive Forum

* Monday 10 September

Further information on the 5MS program, and a calendar of all meeting and forum dates can be found via the following link: <http://aemo.com.au/Electricity/National-Electricity-Market-NEM/Five-Minute-Settlement>.

| **Item** | **Topic** | **Action required** | **Responsible** | **By** |
| --- | --- | --- | --- | --- |
| 1.5.1 | PWG and Focus Group Approach | Participants to provide AEMO with feedback on the draft PWG Terms or Reference. Email feedback to 5ms@aemo.com.au Amendments included clarifying context & purpose, including joint focus groups with SWG and clarifying meeting logistics.PWG Terms of Reference are finalised and available [here](http://www.aemo.com.au/-/media/Files/Electricity/NEM/5MS/Procedures-Workstream/PWG/2018/Terms-of-Reference---Procedures-Work-Group.docx). | PWG membersCLOSE | 14/8/2018 |
|  |  |  |  |  |
| 1.5.2 | PWG and Focus Group Approach | AEMO to finalise the PWG Terms of Reference | Emily Brodie (AEMO)CLOSE | 20/8/2018 |
| 1.6.1 | Packaging and Prioritising Procedures | Some hyperlinks on the word doc provided were for older versions of the documents. AEMO will check all links and recirculate the word document to the PWG.Three hyperlinks updated and recirculated. | Emily Brodie (AEMO)CLOSE | 10/8/2018 |
| 1.6.2 | Packaging and Prioritising Procedures | Participants to provide AEMO with feedback on the prioritisation of procedures. Email feedback to 5ms@aemo.com.auNo feedback received, assume packaging is suitable. At this stage not planning to alter proposed timing. Ricky Brooks, Stanwell – reallocations package occurring late Q1 Q2 and parties may be entering into reallocation contracts. **ACTION:** PWG members to provide information to AEMO about the suitability of reallocation procedure package timing. **ACTION:** AEMO to discuss with PWG whether there is a need to adjust the timing of the reallocation procedure package**ACTION**: Prudentials date on Draft Document to be amended for correct year | PWG membersPWG membersAEMOAEMO | 14/8/201805/09/201814/09/2018 |
| 1.6.3 | Packaging and Prioritising Procedures | AEMO to advise how the PWG will interact with the IEC in relation to B2B Procedures.AEMO to refer any relevant changes to B2B procedures to IEC. Have exchanged in May and will converse in Sept and Nov. | Emily Brodie (AEMO)CLOSE | 20/8/2018 |
| 1.6.4 | Packaging and Prioritising Procedures | AEMO to advise how the PWG and SWG will interact to ensure a coherent approach to procedure and system changesSee slide 7 of PWG #2 meeting pack. **ACTION**: PWG to provide AEMO with subject areas, aside from Transition planning, that would benefit from a joint procedures/systems focus group.  | Emily Brodie (AEMO)PWG | 20/8/201805/09/2018 |
| 1.6.5 | Packaging and Prioritising Procedures | Allocate some time toward the end of 2019 to include a formal period to review and make any additional changes to procedures.Proposed to monitor risk through the Industry Risk Register. The Industry Risk Register is reviewed monthly by the Program Consultative Forum (PCF). Shaun – Origin – ETRM industry risk has been raised the last PCF and was extended to all aspects of software. Software vendor delivery has been a theme in one on one meetings with stakeholders. **ACTION:** Chris Muffett (AEMO) to raise at next PCF. Monitoring risks which are not high level – can have industry defect management type of approach for UAT items etc. It is not set up yet and will be part of Readiness. Jeff Evoenergy – queried use of risk register for other rules that the AEMC may implement, Global Settlement is the main foreseeable issue for this program. Future rule changes could affect the implementation of 5MS. **ACTION**: PCF to consider a regulatory risk item on the industry risk register. Emily Brodie to raise with PCF | Emily Brodie (AEMO)Chris Muffett (AEMO)Emily Brodie (AEMO) | 20/8/201803/09/201803/09/2018 |
| 1.8.1 | Metering Procedures | The metering focus group and the SWG are to investigate whether there are data volume delivery constraints because of 5MS or global settlements with the current delivery timeframes. PCF and PWG to be informed of progress.Under discussion and will inform PCF and PWG of developments. | David Ripper (AEMO)ONGOING | 24/08/2018Ongoing |
| 1.8.2 | Packaging and Prioritising Procedures | AEMO will consider publishing the high-level impact assessments on its website and if so, include a link to each HLIA document on the packaging and prioritising word document.Will be published on AEMO website as high-level impact assessments are released to PWG. Should appear in next 2-3 weeks. | Emily Brodie (AEMO)CLOSE | 20/8/2018 |
| 2.3.1 | Settlements Procedures - Estimations | PWG members to provide feedback on AEMO’s preferred approach to estimation, the high-level impact assessment for the policy, guide and AEMO’s consultation approach  | PWG members | 5/09/2018 |
| 2.3.2 | Settlements Procedures - Estimations | C. Diep to raise at SMWG if additional focus group required and in which format (Action 2.3.2).  | Canh Diep (AEMO) | 19/09/2018 |