

IESS Working Group

Meeting # 8
30 November 2022



1. Welcome

We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture.

We pay respect to their Elders past, present and emerging.

Agenda

#	Approx. Time	Topic	Presenter
1	10:00 – 10:05	Welcome	Emily Brodie
2	10:05 – 10:10	Notes, actions and feedback from previous WG meeting	Ulrika Lindholm
3	10:10 – 10:15	Project Update	Emily Brodie
4	10:15 – 10:20	Procedures Update	Nicole Nsair
5	10:20 – 10:30	Readiness Update	Greg Minney
6	10:30 – 10:35	BDU transition	Emily Brodie Carla Ziser
7	10:35 – 10:40	Go-live date for IESS settlements changes	Emily Brodie
8	10:40 – 10:45	FCAS for SGAs <ul style="list-style-type: none">• Survey Results• Update on discussions with DNSPs	Ulrika Lindholm Emily Brodie
9	10:45 – 10:50	Stakeholder Engagement	Ulrika Lindholm
10	10:50 – 11:00	General questions and close	Emily Brodie
	11:00 – 12:00	<i>Stakeholder Information session: Aggregated Dispatch Conformance [separate agenda]</i>	

Appendix A: AEMO Competition Law & Meeting Protocol

Please note: This meeting will be recorded for the purpose of compiling meeting minutes.

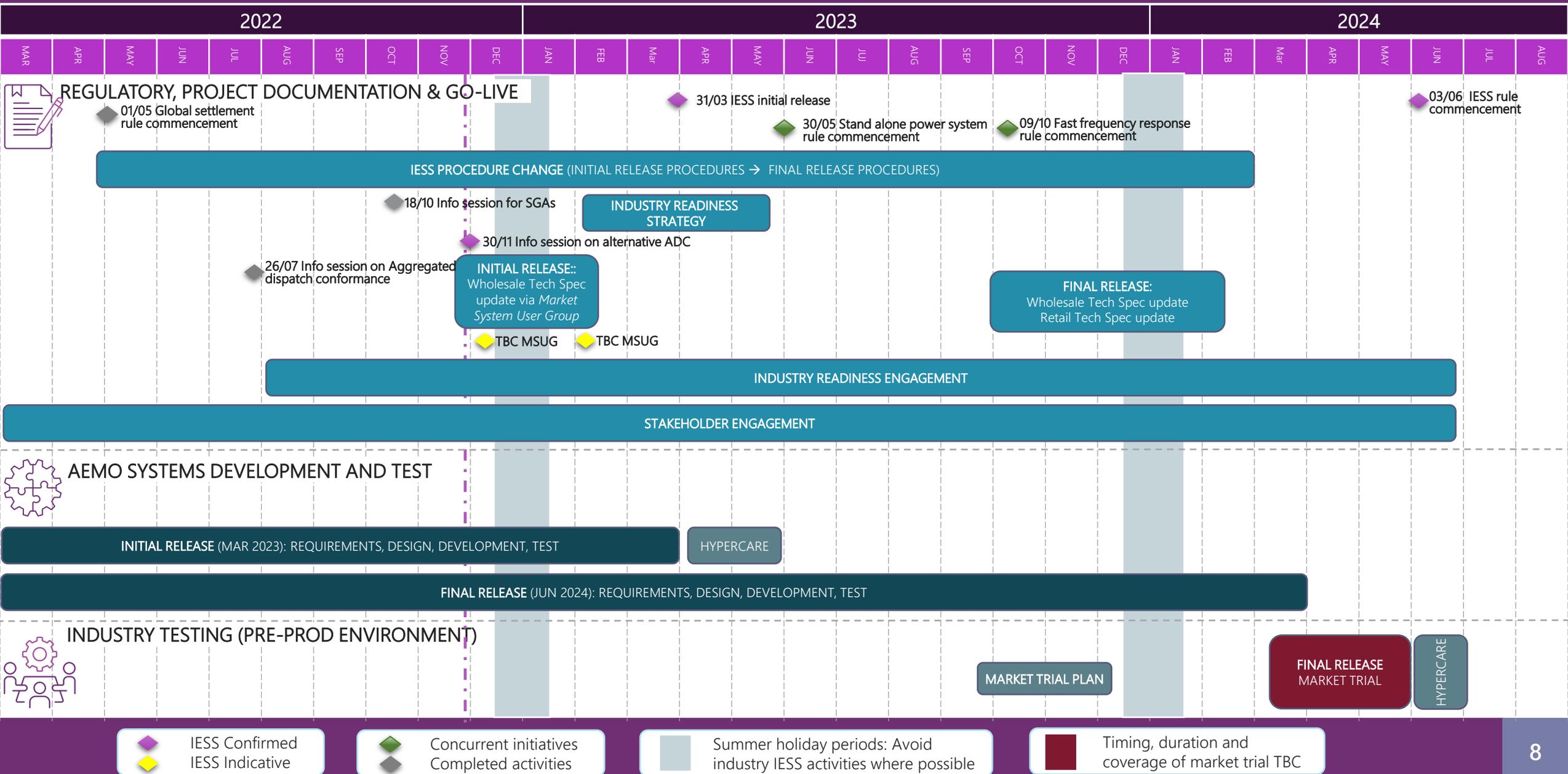
2. Notes, actions & feedback from previous IESS WG meeting

Notes, actions & feedback from previous IESS WG meeting 26 October

- No actions captured from previous meeting.

3. Project Update

IESS – Indicative Industry Timeline

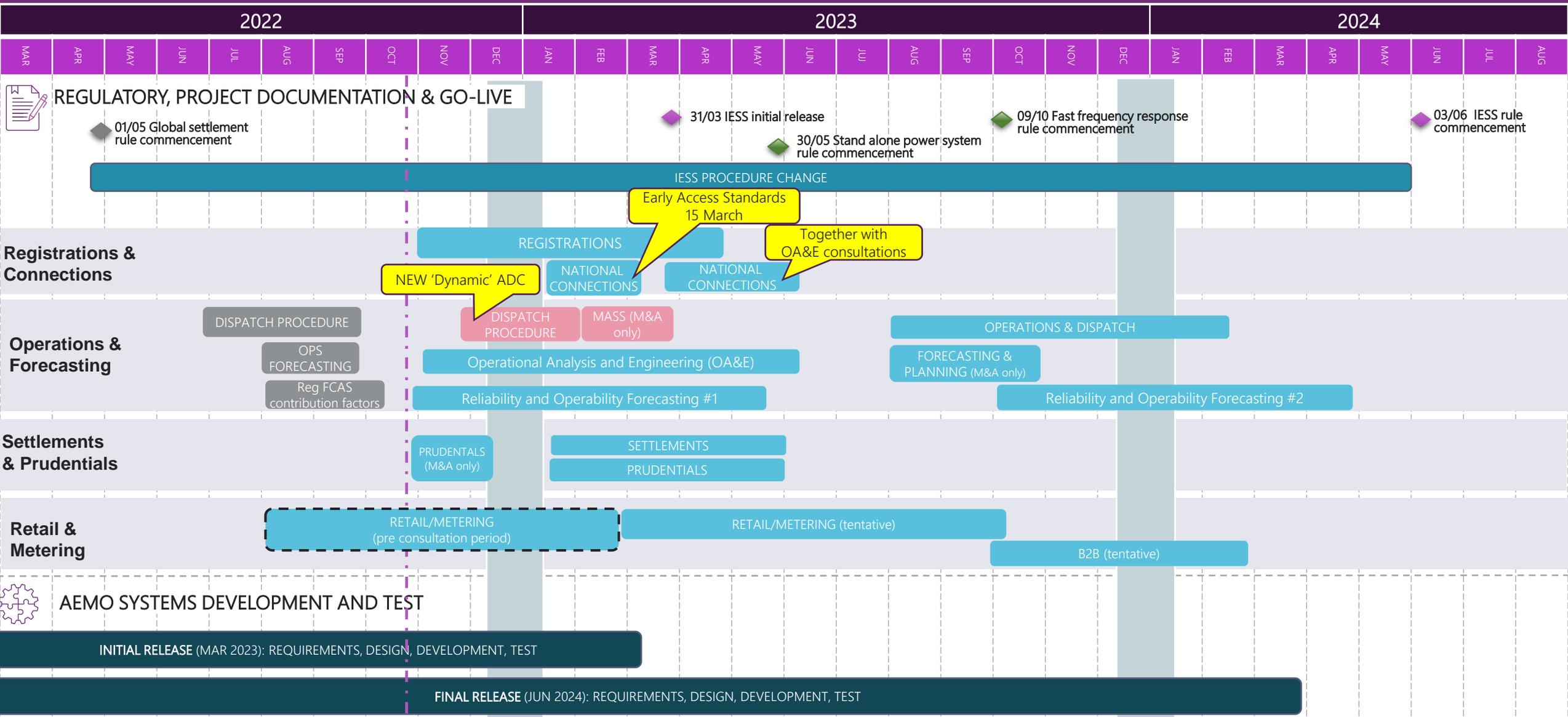


ADC delivery change

- A stakeholder proposed an alternative aggregated dispatch conformance (ADC) solution some time after AEMO had completed its ADC consultation.
- AEMO has assessed the proposal as being feasible and a better solution that will result in more participants using ADC.
- AEMO believes it appropriate to implement the alternative ADC design as soon as possible, but this will be later than 31 March 2023.
- **Implications:**
 - Stakeholders (including NEM2025 forums) will be updated on the implementation timeline as information becomes available
 - AER/AEMC have been informed
 - Dispatch procedure requires re-consultation (see section 4 below and upcoming ADC information session).

4. Procedures update

IESS – *INDICATIVE* IESS procedure change timeline



Procedure Consultation Summary

Package/Procedure	Information/Issues Paper Published	Submissions due	Final Published
NEM Reliability Forecasting Guidelines and Methodology	Mon 31 Oct 22	Mon 28 Nov 22	Fri 28 Apr 23
Guide to Generator Exemptions and Classifications of Generating Units	Wed 2 Nov 22	Tue 21 Dec 22	Fri 14 Apr 23
Consultation on PoLR Procedures and WDRM Policy	Mon 7 Nov 22	Fri 18 Nov 22	Mon 12 Dec 22
Constraints Formulation Guidelines (CFG) Consultation	Mon 21 Nov 22	Tues 20 Dec 22	Thurs 22 Jun 23
Dispatch Procedure ('Dynamic ADC')	Mon 28 Nov 2022	Thurs 20 Jan 23	Fri 10 Feb 23
Generator Performance Standards template	Fri 13 Jan 23	Thurs 19 Jan 23	Wed 15 Mar 23

Additional IESS project work

- Continuing engagement with AEMC on outcomes for minor wash-up rule changes including:
 - Clarifying eligibility for aggregated dispatch conformance
 - Potential change to transitional rules for BDUs (see section 6 below)
 - Potential date change for settlement component of IESS to align it with NEM billing week (see section 7 below)

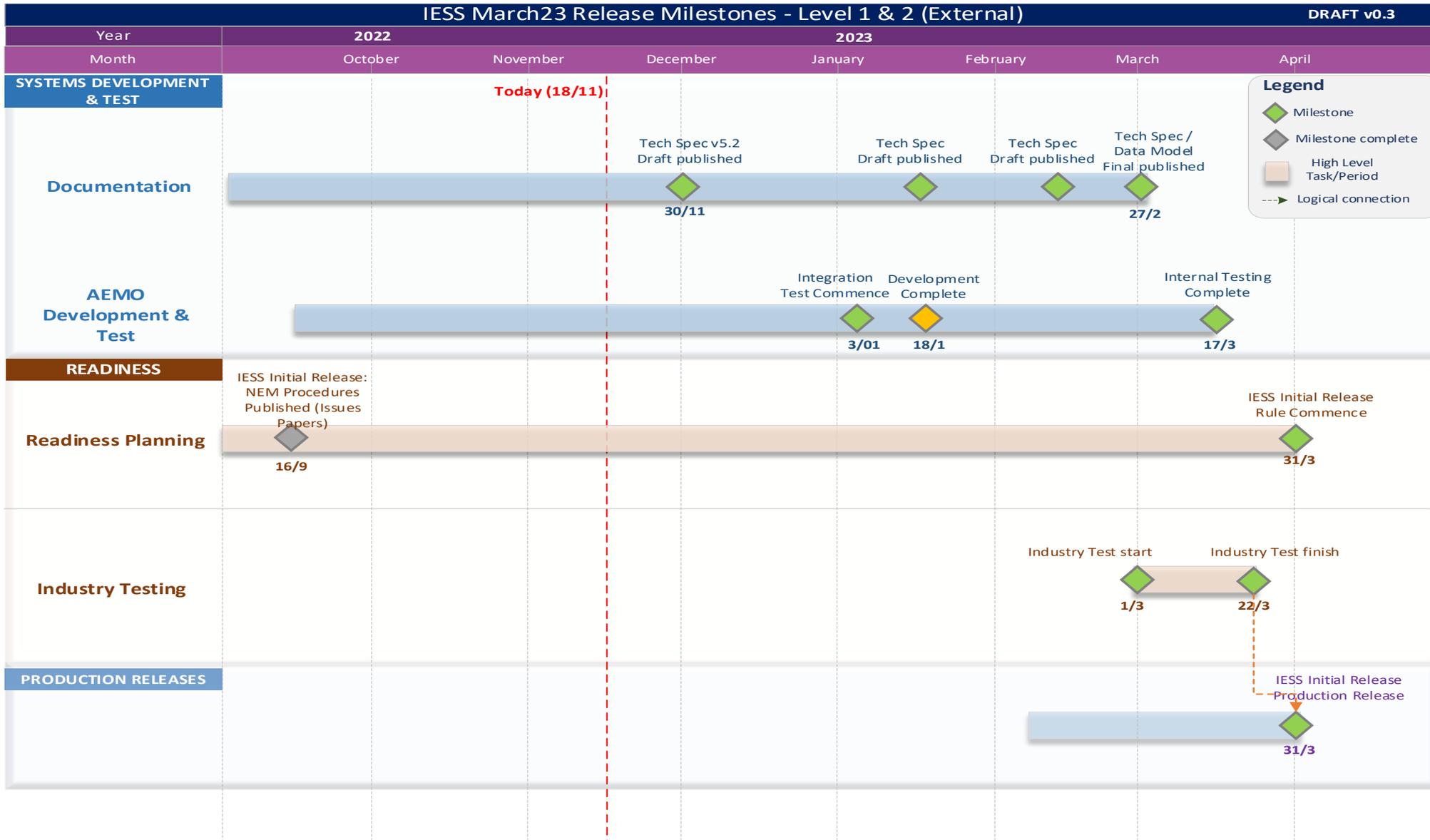
Further stakeholder engagement on wash-up rule change will be via the Electricity Wholesale Consultative Forum.

IESS web page for all document changes and consultation dates

<https://www.aemo.com.au/initiatives/major-programs/integrating-energy-storage-systems-project/integrating-energy-storage-systems-procedure-changes>

5. Readiness update

Initial IESS Release – March 2023



March 2023 delivery update

- Two components to the release
 - Market Small Generation Aggregators (MSGAs) eligible to provide FCAS
 - Aggregates (Hybrid) have option to implement Aggregate Dispatch Conformance (ADC)
 - Based on Industry feedback an alternative ADC approach will be implemented. This alternative will be delivered post 31 March – with confirmed timeframes currently under assessment
 - Once established IESS initial release milestones will be updated to reflect ADC Delivery timeframes, including dispatch procedure, data model (if required) and Industry Testing prior to release
- Draft Technical Specs for data model release 5.2 scheduled for 30/11, previously 12/12
 - Release includes changes for ADC and SAPS that will be blank until capability release
- AEMO Development Complete milestone delayed until 18/1 (was 12/12)
 - Reflects delay for one component
 - Integration Testing will commence as scheduled and will complete on schedule
 - No impact to 14/2 milestone for completion of AEMO development and Internal testing
- Industry Testing Scope for March release confirmed
 - ITWG will be conducted in January to support those participants planning to utilise test period

Data Model 5.2 availability and review

- Scope includes changes for ADC and SAPS settlement, plus other BAU changes
 - No mandatory requirement for participants to upgrade
 - Both ADC and SAPS tables will remain empty until capability release
- Tech Specs draft published on AEMO Website
 - <https://aemo.com.au/energy-systems/market-it-systems/it-change-and-release-management>
- AEMO will hold briefing sessions via Market Systems User Group (MSUG)
 - Mid December – following draft spec release
 - 2 weeks prior to pre-prod release at end Feb 2023
 - 2 weeks prior to Production release at end March 2023
 - 2 weeks post Production Release
- Participants can nominate for MSUG invitations via AEMO Support Hub support@aemo.com.au

6. BDU transition

Objective of the Rule change

What's in the Rule change:

- ❖ **Use of the Integrated Resource Provider participant category.** This will be mandatory for all participants with resources that have both generation and load (above auxiliary load) at a single connection point.
- ❖ **Use of bidirectional unit classifications** – the single DUID model. This will be mandatory for storage/bidirectional resources (except pumped hydro).
- ❖ **Under the single DUID model:**
 - Storage units will submit a single bid and to receive a single dispatch instruction. Up to 20 bid bands will be available.
 - FCAS services to be similarly bid. Bids will be submitted in respect of the one ancillary service unit - up to 10 bid bands for each service.

Stand-alone storage \geq 5 MW must be classified as a scheduled BDU.
 Storage $<$ 5 MW may be classified as a non-scheduled BDU.

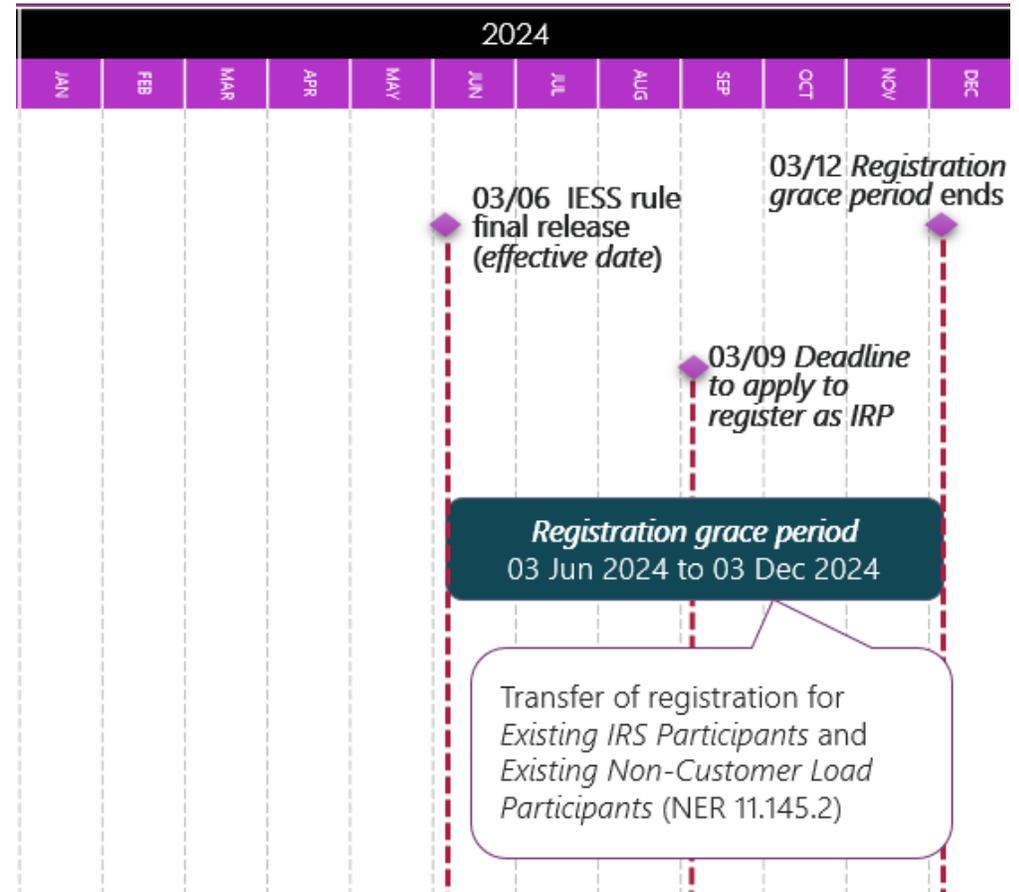
Why the change:

- ❖ **Insufficient information provided on the energy limited capacity reserves of an energy storage system.**
 - Currently, charging and discharging is not optimised in pre-dispatch and PASA due to the NER not recognising and specifying any requirements for these assets.
 - This lack of information might result in less informed decision-making for both AEMO and Registered participants
- ❖ **Increased operational complexity and inefficiency involved in treating a single asset as two components.**
 - For AEMO, this currently means increased custom logic and additional processing
 - For participants, battery DUIDs are bid and reported separately

All existing and new BDUs will move to a single DUID in mid-late 2024, to both manage operational complexity and improve operational foresight & decision making.

Transition arrangements

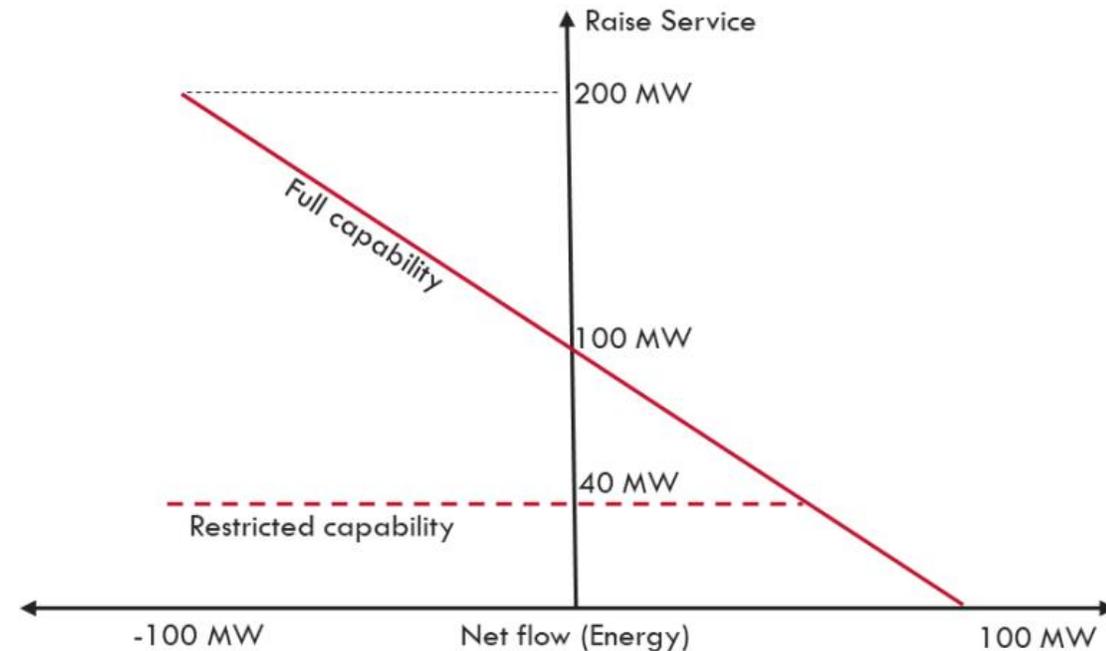
- **03 June 2024:** Participants with new bidirectional resources need to move to the 1-DUID model on 3 June 2024
- **03 Sep 2024:** Participants with existing (non-exempt) bidirectional resources need to have applied to register as an IRP
- **Registration Grace Period:** commences on the effective date (03 Jun 2024) and ends six months after the effective date (03 Dec 2024).



FCAS bidding for the 1-DUID model

- ❖ Under the 2-DUID model, FCAS bids were specific to either the load (charge) or generation (discharge) DUID.
- ❖ Under the 1-DUID model, an FCAS bid applies across the full range of a BDU's operation
- ❖ This means there will be no restrictions at the point of 0 MW net flow.
- ❖ For example, the BDU could be enabled for 40 MW of a raise service even if it were currently charging at 10 MW.

Restricted Contingency FCAS Enablement



The shift to the 1-DUID model may mean adjusting FCAS bids to account for the new bid format.

Stakeholder feedback

IESS project team have been/are holding one-to-one discussions with incumbent battery operators and bidding software vendors.

Stakeholder feedback to date	In response, AEMO is considering:
<p>For some participants that have both an ‘existing’ and a ‘new’ bidirectional resource, there is a preference to move all bidirectional resources to the 1-DUID model at the same time i.e. use the grace period for their new BDU/s.</p>	<ul style="list-style-type: none"> - introducing flexibility for these participants to move all of their bidirectional resources to the 1-DUID model at the same time (within the grace period).
<p>Preference for a longer grace period or grandfathering of the 2-DUID model.</p>	<ul style="list-style-type: none"> - introducing flexibility for existing bi-directional units to have a longer (but not indefinite) grace period.

Next steps

- Continued stakeholder engagement on BDU transition.
- Industry readiness preparations, starting with developing Industry readiness strategy in Q1, 2023.

PLEASE PROVIDE FURTHER FEEDBACK TO: iess@aemo.com.au

7. Go-live date for IESS settlements changes

Final release go-live date (1/2)

- IESS effective date is Mon 03 June 2024 for:
 - Changes to non-energy cost recovery (NECR) calculations
 - Bi-directional unit (BDU) bidding
- As NEM billing week starts on a Sunday, current go-live date requires AEMO to design, test and run a settlement ‘transitional week’ from Sun 02 June 2024 comprising:
 - 1 day of current NECR calculations
 - 6 days of new NECR calculations
- Transitional week = significant additional cost and time for both AEMO and participants.

IESS TRANSITION WEEK: Estimated effort for AEMO

	Effort (Days)
Development	100
System test/SIT	200
UAT	30
TOTAL	330

Final release go-live date (2/2)

- To reduce cost for industry and AEMO, considering shifting the settlements go-live to a Sunday, eliminating the need for a transition week:
 - **Sun 02 Jun 2024**: NECR go-live (likely via rule change)
 - **Mon 03 Jun 2024**: BDU bidding go-live (no rule change needed as NECR and BDU changes are independent of each other)

DISCUSSION:

1. What are your views on aligning the IESS settlement (NECR) go-live with NEM billing week?
2. What would the impacts be to your business?
3. What dependencies are there for your business between the IESS settlement go-live and the BDU bidding go-live?

Next steps

- Requesting feedback from the IESS WG and EWCF by Fri 02 Dec to iess@aemo.com.au
- Subject to feedback, AEMO to pursue rule change to align IESS settlement go-live with NEM billing week.

8. FCAS for SGAS

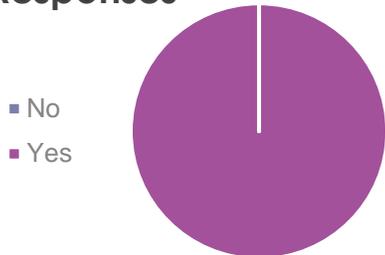
FCAS for SGAs uptake survey – status update

Registered Market Small Generation Aggregators were asked to indicate intent and timing for opting in for provisioning FCAS as per IESS rule from 31 March 2023.

Intent: Strong

Q: Are you considering opting in to provide ancillary services?

Responses



Timing: Early-mid 2023

Q: When are you likely to apply to register?

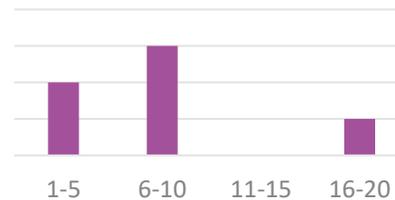
Distribution of responses



Sites: ~10 (per participant)

Q: Can you give an indication of the number of sites and technology types?

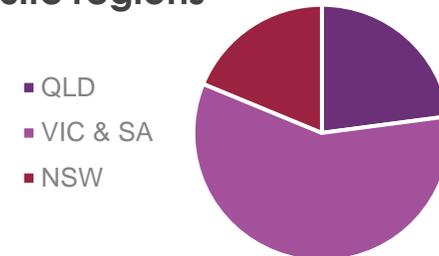
Number of sites



Geography: Mixed with VIC as predominant location

Q: Can you give an indication of intended regions?

Site regions



Technologies



Notes:

This is graphical representation of anonymised information from a portion of registered MSGAs. Engagement activity underway to gather additional data

Proposed approach to DNSP discussions

- Have heard from SGA stakeholders that DNSPs are inconsistent and potentially onerous in their approach to SGAs' FCAS participation

Proposed approach

- IESS team have scheduled 2-3 one-to-one discussions with selected DNSPs to:
 - Provide background and context to IESS rule change
 - Understand DNSPs' perspectives
- IESS team (and possibly a volunteer SGA!) to engage with DNSPs via ENA. Objective is to encourage a consistent, transparent approach across DNSPs that is informed by SGAs.

9. Stakeholder engagement

Upcoming engagements

IESS enquiries may still be sent to the IESS mailbox:

IESS@aemo.com.au

For enquiries about the NEM2025 program more broadly:

NEM2025@aemo.com.au

November						
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	29	30			

December						
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	29	30	31

January						
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
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			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				

Legend	
Coordination forums	
	NEM2025 Program Consultative Forum
	NEM2025 Executive Forum (Q1/Q2 2023)
	Reform Delivery Committee
	Reform Delivery Committee - Collab W.
	Implementation Forum
	Electricity Wholesale Consultative Forum
	Electricity Retail Consultative Forum
Initiative specific meetings/consult's	
	IESS Working Group - last meeting
	MT PASA
	Frequency Performance Payments
	Constraints Formulation Guidelines consultation
	Fast Frequency Response (TBC)
Other	
	National Public Holiday
	State/Territory Public Holiday
	AEMO Offices Christmas Shutdown
	Metering Industry Briefing

10. General Questions & Close

IESS project contact



liess@aemo.com.au



<https://aemo.com.au/initiatives/major-programs/integrating-energy-storage-systems-project>



For more information visit

aemo.com.au

Appendix A: AEMO Competition Law & Meeting Protocol

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 regarding proposed reforms or other initiatives, all participants agree to adhere to the CCA at all times and to comply with this Protocol. Participants must arrange for their representatives to be briefed on competition law risks and obligations.

Participants in AEMO discussions **must**:

- Ensure that discussions are limited to the matters contemplated by the agenda for the discussion
- Make independent and unilateral decisions about their commercial positions and approach in relation to the matters under discussion with AEMO
- Immediately and clearly raise an objection with AEMO or the Chair of the meeting if a matter is discussed that the participant is concerned may give rise to competition law risks or a breach of this Protocol.

Participants in AEMO meetings **must not** discuss or agree on the following topics:

- Which customers they will supply or market to
- The price or other terms at which Participants will supply
- Bids or tenders, including the nature of a bid that a Participant intends to make or whether the Participant will participate in the bid
- Which suppliers Participants will acquire from (or the price or other terms on which they acquire goods or services)
- Refusing to supply a person or company access to any products, services or inputs they require.

Under no circumstances must Participants share Competitively Sensitive Information. Competitively Sensitive Information means confidential information relating to a Participant which if disclosed to a competitor could affect its current or future commercial strategies, such as pricing information, customer terms and conditions, supply terms and conditions, sales, marketing or procurement strategies, product development, margins, costs, capacity or production planning.