

What was discussed in AEMO's wholesale and retail forums in July and August 2015

## Business-to-business and Market Settlement and Transfer Solutions (B2B and MSATS) Reference Group (BMRG)

15 July and 12 August 2015

### Extreme weather events and protected periods

At the July meeting, forum members agreed to progress a potential procedure change for service orders requesting disconnections in extreme weather events and protected periods. Part of this process is to perform an order of magnitude (OoM) assessment to understand the regulatory and market impacts on the market. At the August meeting, forum members agreed to do this assessment in September.

If an extreme weather event such as bushfire or storm is declared, regulations dictate when a service order request for disconnection can or cannot occur. Similar regulatory conditions apply for protected periods such as defined public holidays.

### Provide meter data – DNSP feedback discussion

Forum members agreed at the July meeting that an issue exists for retailers following up missing meter data for Type 5 meters in Victoria. Retailers are essentially not able to follow up missing meter data or verify meter data until after the published next scheduled read date, which is about every 90 days.

The forum agreed to progress a potential procedure change request to the business to business (B2B) procedures, by referring it to AEMO's Metering Services Working Group for recommendations.

### Retail electricity market process flows

AEMO asked the forum to agree to an update of electricity market process flows that can be used to identify the future market impact of changes following Power of Choice (PoC) rule determinations. It was agreed by all that the flows would stay as a 'working draft' that represents a reasonable foundation for future PoC review.

### Momentum Energy membership

The forum welcomed Momentum Energy as a new BMRG member. Momentum represents the second tier segment of the retail electricity market so is able to provide a perspective on energy issues for small-to medium-size retailers.

### Service Order disconnections

At the July forum, members agreed that an issue exists in use of service order event codes and free formatted text for communicating field-to-office information related to service order requests. The issue is lack of clarity in the AEMO B2B Service Order

Procedures about use of exception codes. The mandatory requirement to provide free text when service orders are not completed is limited, although an obligation exists to provide it for partially completed orders.

In August, the company requesting the change agreed to develop the appropriate Issue Change Form by the end of August. Members will consider in September whether the form can progress to OoM.

*BMRG next meeting: 9–10 September 2015*

## National Electricity Market Wholesale Consultative Forum (NEMW-CF)

29 July 2015

### National Electricity Forecasting Report (NEFR) and Emerging Technologies

AEMO updated the forum on this year's NEFR key messages. They include continued growth of rooftop photovoltaic (PV), operational consumption recovery driven by liquefied natural gas (LNG) developments, and the possibility that South Australia may experience times of minimum demand.

Forum members asked how AEMO manages a region's security in minimum demand situations. AEMO reported it is incorporating minimum demand modelling into renewables investigations, and plans to assess its effect in other NEM regions. AEMO is also planning to monitor commercial fuel switching from gas to electrics, but no dates are set around this yet.

Forum interest in emerging technologies was high, and centred on the future of PV systems, electric vehicles and fuel switching. Members noted:

- The assumptions AEMO makes about individual PV system size. AEMO assesses residential as 4 kW with potential to go to 6 kW in the next 10 years. Commercial PV systems are variable at the moment.
- AEMO considers electrical vehicles and fuel switching will have little impact on the NEM. In the absence of policy incentives, most vehicle manufacturers have said they will not deliver models in Australia at this time.

### Short Term/Medium Term Projected Assessment of System Adequacy (ST/MT PASA)

AEMO spoke to the forum to clarify confusion in the market around ST and MT PASA bidding and the need for participants to ensure their PASA bids are always up to date as required by the rules.

Discussion focused on the need for participants to always be mindful to update MT PASA bids at the same time as they update ST PASA bids of changes to their projected plant availability.

This has not always happened and has led to some invalid and untimely bids affecting forecast of supply.

The forum asked about the validity of just making changes to ST PASA if a bid only affected the current ST PASA period, and did not overlap with the MT PASA period. AEMO confirmed that this was valid.

AEMO called on participants who submit bids that appear erroneous, to investigate. The forum heard AEMO was trialling checking data daily, and is aware that data correctness remains participants' responsibility.

### Energy Adequacy Assessment Projection (EAAP)

AEMO updated the forum about its proposal to reduce EAAP reporting frequency from quarterly to annual, with trigger events determining more frequent reporting. The quarterly reporting is a rule requirement, so AEMO is consulting participants on the value and benefits of such frequent EAAP reporting in the current market environment. Submissions were due on 20 August.

AEMO expressed its faith in the core value of the EAAP. This is to provide the market with a centralised assessment of the impact of water shortages and other constrained generation inputs on energy adequacy in the NEM. However, AEMO considers EAAP reporting could be more flexible.

Forum members were split on the continuing value of any reporting of EAAP, but generally supported the concept of triggers for reporting. They also shared thoughts on the timing of any annual publication and data collection options. After discussion, AEMO encouraged participants to submit responses to the consultation issues paper and suggest alternatives they think might more easily achieve the rule's purpose.

### System Restart Ancillary Services (SRAS)

AEMO reported that the tender process to acquire SRAS from 1 July 2015 to 30 June 2018 is now complete. In the current round of contracts given for 2015, 10 SRAS were procured to meet the System Restart Standard (SRS) in all regions. SRAS are the services required to restart the power system after a major supply disruption.

The NEM Reliability Panel will shortly begin a review of the System Restart Standard. Depending on the timing of the review, its outcomes could guide future procurement.

### GO15

The forum discussed AEMO's involvement in GO15, the joint initiative of most of the world's largest power grid operators. AEMO outlined its involvement in four committees of critical interest to members, and how it is establishing projects to share international experience on future grid developments.

The forum discussed global interest in the availability and management of flexible generating plant and how

this might apply in the NEM. AEMO reported that GO15 was investigating aspects of wholesale market design and additional ancillary services, network investment in interconnectors and network support technology, as well as developing links between distribution and transmission businesses.

AEMO is also aware of US groups trialling large-scale smart technologies to manage distributed generators. AEMO confirmed its own work program to understand emerging challenges for the grid and power system of the future.

### Futures Offsets Arrangements (FOA)

AEMO spoke to the forum about key findings from AEMO's FOA study. The study did not find a clear case to either proceed or not with FOA in the NEM, as net benefits were deemed marginal. Any further work on advancing FOA would rely on industry input pointing to extra competitive benefits not already considered and an assessment of operational costs to maintain the necessary interface to the futures market (ASX). The forum discussed other prudential initiatives AEMO is working on. They are:

- Offsets in the Prudential Margin rule change.
- Enabling Swap and Option Offset Reallocations.
- Potential use of Cash as Collateral that may be of particular benefit to smaller participants.

### AEMO governance

AEMO led a discussion on the process for AEMO's new Board appointments and the Council of Australian Governments' (COAG's) Review of Governance Arrangements for the Australian Energy Market.

The forum heard that AEMO is currently looking in the market for a Director and Board Chair. The preferred Director skills set includes experience with technology transformation, and a strong IT background. COAG's Energy Council Appointments Selection Panel determines the shortlist, conducts interviews for the roles and makes a recommendation. The recommendations are considered by AEMO Members at a Special General Meeting, and if supported, are referred to COAG who will make the appointments.

Regarding the COAG energy review, AEMO advised of a forum on 25 August that provides opportunity for industry participants to make further submissions.

*The draft governance review report has since been released on the COAG website:*

<https://scer.govspace.gov.au/workstreams/energy-market-reform/review-of-governance-arrangements/>

*NEMW-CF next meeting: 30 September 2015*

## Retail Market Consultative Forum (RMCF)

31 July and 28 August 2015

### Power of Choice (PoC) work plan

AEMO updated the July forum on the most recent AEMC/AEMO Power of Choice workshop that delineated each organisation's roles and responsibilities and confirmed the following key actions:

- AEMC extended the final determination date for Metering Competition from July 2015 to November 2015, with an effective date of December 2017.
- Next steps for AEMO were:
  - Update AEMO planning in line with draft determination proposed timelines.
  - Develop materials ahead of final determination.
  - Arrange working group sessions to facilitate early engagement with interested parties, including the Metrology Reference Group and Metering Services Working Group (arranged for August – November). Workshops will help create support materials and initial draft procedure changes ahead of AEMO's final determination.
  - The final determination is expected on 26 November 2015.

The forum recognised a logical alignment of Embedded Networks (draft determination is expected on 10 September 2015) and Metering Competition work, and saw benefit in making changes to common procedures once only. Members understood that the only common procedure requiring material change at this stage was the Market Settlement and Transfer Solution (MSATS) Procedure.

The August forum considered Multiple Trading Relationships.

- AEMC published a consultation paper on 30 July 2015 titled "Multiple Trading Relationships Rule 2015".
- The AEMC raised issues based on AEMO's original design, consultant reports, participant concerns and existing market arrangements.
- 39 questions were raised for consultation.
- Submissions are due by 10 September 2015.

### NSW/ACT Retail Gas Project update (NARGP)

AEMO provided an update to both forums on the NARGP project that is standardising B2B retail gas processes and systems across NSW/ACT, Queensland, South Australia and Victoria. AEMO said that all work streams are on track to achieve the target go live date of 2 May 2016, and noted the following key points:

- Two main work streams are underway: a process and regulatory work stream, and a readiness work stream.
- The Process and Regulatory work stream has run process mapping workshops and released a Participant Build Pack 5 in late August.
- Wagga Wagga Tamworth process mapping workshops have started.
- Two Readiness working groups – Industry Test, and Transition and Cutover – are running in parallel through August and September.

### Customer Access to Data (CAD)

AEMO advised the forums on CAD project progress, noting the following advances:

- The Metering Data Provision Procedures (MDPP) Draft Report and Determination (published 6 July 2015) includes minimum metering data requirements for summary and detailed data formats, timeframes for responses to customer requests for data and the minimum delivery method for requested metering data.
- Stakeholder views on the draft procedures closed on 21 July 2015 with 22 submissions received.
- AEMO conducted a stakeholder workshop and two teleconference sessions in August to work through issues raised by participants.
- The final procedures take account of all stakeholder feedback and will be released on 1 September.

*RMCF next meeting: 25 September 2015*

## Gas Wholesale Consultative Forum

11 August 2015

### Distribution Unaccounted for gas (DUAFG)

AEMO updated the forum on its proposal to change the Average Volume Weighted Market Price (AVWMP) to reflect the spot and contract weighted price used historically from 2010–14 and to apply a weighted average deviation price for 2015 on. This involves AEMO submitting a Letter of No Action to the AER by early September to continue using the spot and contract price, and starting a formal procedure change consultation to move to the new method by the end of September.

Forum members expressed concern about potential disadvantages to some participants, and recommended AEMO liaise with the Essential Services Commission (ESC) as well as the AER to ensure alignment with the Distribution System Code. Members generally did not want AEMO to reopen settled wash-ups, and welcomed the consultation process.

AEMO will update the October GWCF.



### South West Pipeline scheduling methodology

AEMO spoke about net withdrawal quantities at Iona, the application of constraints in the Victorian Declared Wholesale Gas Market (DWGM), and changes in gas supply and demand dynamics, identified in the 2015 Victorian Gas Planning Review.

The forum discussed scheduling approaches, flow constraints, and questions about modelling, especially related to the impacts of gas powered generation (GPG).

AEMO will report to the October GWCF on initial findings from the modelling group, covering modelling scenarios, potential magnitude of constraints, and options. AEMO will also keep the GWCF informed about current AEMC gas market reviews.

### Gas Bulletin Board fees

AEMO explained that recent fee increases for the Gas Bulletin Board (GGB) were to meet IT costs for the site redevelopment. Unless the AEMC's Phase 2 review results in additional costs, AEMO said it didn't anticipate further increases.

AEMO agreed to the forum's request for user statistics and redevelopment costs, so members could see who was using the site and who was paying for it. AEMO also encouraged forum members to give feedback about the GGB directly to the AEMC for its review.

### National Gas Forecasting Report update

AEMO spoke about the National Gas Forecasting Report (NGFR), which it will publish in December 2015. Stakeholder engagement sessions are underway, to build on the feedback received in workshops that followed the 2014 NGFR.

AEMO aims to improve the NGFR in three key areas:

- Improved gas price forecasts to be used.
- Improved modelling of weather effects to achieve more reliable maximum demand forecasts.
- Improved connection modelling (expected to be completed for 2016 NGFR).

AEMO will consider a forum request to incorporate forecasting information specific to the Declared Transmission System (DTS).

### Revised Wholesale Market System Security Procedures

AEMO told the forum that Wholesale Market System Security Procedures NGR 1.1 have been updated to reflect changes to the DTS since 2010, and to clarify AEMO's responses to system security threats.

The forum discussed the reasons for the change, and when injection of LNG would be considered an abnormal market condition. AEMO will continue to consult with GWCF members and participants about the changes.

### Relocation of gas disaster recovery systems

AEMO informed the forum that the disaster recovery systems would be relocated on 16 October and would be unavailable for 7.5 hours from 9.30pm, while the production environment would still be available. AEMO explained its risk management approach and the forum was satisfied that no additional risk mitigation was needed.

### Changes to draft contingency gas STTM Procedures

AEMO asked the GWCF for feedback on proposed changes to draft Short Term Trading Market (STTM) Procedures. One change, allowing AEMO to gather more evidence to determine if a participant correctly skipped a price step, is to align the draft procedures with the AEMC's final rule determination. Another change is to include the location of customer sites when confirming contingency gas bids or offers, so any scheduling is effective and not impacted by network constraints.

Collection of feedback and formal consultation will proceed in August, ahead of a planned go live date of 5 November (to coincide with the AEMC Final Rule becoming effective).

### Contingency Gas trigger event and exercises

AEMO updated the forum on a contingency gas (CG) trigger event on 22-23 July. It was resolved through industry response, and no contingency gas was required, but as a result AEMO will widen notifications to include all hubs and the DWGM.

From September, AEMO will undertake more training with industry on standard and truncated response processes for contingency gas events.

On 9 September participants will complete a contingency gas exercise for the Sydney hub, Exercise Zeta, to give the industry a sound understanding of new rules and CG STTM Procedure Changes before they become effective in November. AEMO will provide information and training to all STTM participants about the new requirements.

*GWCF next meeting: 13 October 2015*

## Gas Retail Consultative Forum

18 August 2015

### Technology changes – service orders and identifying previous Financially Responsible Organisations (FRO)

AEMO updated the August forum that, on 24 August, AEMO would publish updated Victorian, Queensland and South Australian Procedures, including advice that the changes to service order response transaction and notice of transfer transaction take effect on 14 September.

### South Australia/Queensland Unaccounted for Gas

AEMO advised that the Value Assessment Test (VAT) exercise timeline had slipped, as more clarity on documentation was needed. The forum also reviewed AEMO's draft responses to points raised. Key initiatives for AEMO are:

- Update its consolidated feedback document based on the discussion, and circulate it to the GRCF for review.
- Hold a further meeting on 15 September to clarify some issues.

### Bi-monthly GRCF meetings

The forum agreed that, because there are few high priority items for discussion, and they are satisfied with update plans for SA/QLD UAFG and enumerations, the GRCF should only meet bi-monthly for the rest of 2015. The scheduled September and November meetings have been cancelled, making the next meeting an October meeting.

*GRCF next meeting: 20 October 2015*

## Consumer Forum

21 August 2015

### National Electricity Forecasting Report (NEFR) and emerging technologies

AEMO updated the forum on this year's NEFR and Emerging Technologies Information Paper. The presentations covered reported forecasts and drivers, and how AEMO develops demand forecasts and the potential impact of emerging technologies and fuel-switching.

The forum raised and discussed questions including:

- Whether industrial trends are flatter than residential, and what factors affect industrial demand.
- How AEMO deals with potential industrial closures.
- How changes in maximum demand, and a growing difference between maximum and average demand, might affect the market, and specifically ramp rates (the rates at which a generator can increase or decrease output).
- How valuable AEMO's Renewables roadshows have been.

- Future possibilities for energy storage, including existing research and analysis by forum member Alternate Technologies Association (ATA), the need for ongoing monitoring, and potential benefits of short-term forecasts.
- The availability of research about consumer behaviour related to emerging technologies.

### Energy Market Governance Review update

AEMO updated the forum about the review of governance arrangements for Australian energy markets, which will report to the COAG Energy Council in September 2015. Submissions were being accepted up to 24 August about the draft report, and a public forum was planned for 25 August for industry participants to make further submissions.

AEMO discussed the related issues raised in the governance review, and sought the views of forum members.

*The draft governance review report has been released on the COAG website:*

<https://scer.govspace.gov.au/workstreams/energy-market-reform/review-of-governance-arrangements/>.

### Power of Choice update

AEMO updated the forum on progress with the Power of Choice schedule, and offered to organise a stand-alone session about these projects. The forum welcomed this idea and AEMO agreed to circulate possible dates.

### Changing working group structure

AEMO advised that, to manage workload connected with Power of Choice, it would be proposing a new structure for its retail market working groups, and will present it to the September Retail Market Consultative Forum.

The forum also agreed to discuss, at its next meeting, how best to enable consumer representatives to attend relevant forums, given resourcing constraints.

### Introduction to National Electricity Market (NEM)

AEMO ran a NEM Overview training session for consumer groups, to coincide with the forum meeting.

*Consumer Forum next meeting: November 2015*