INFORMATION EXCHANGE COMMITTEE MEETING

FOR DECISION

SUBJECT: B2B-WG SUPPORT

AGENDA ITEM: 10

1. PURPOSE

To seek approval from the IEC regarding the B2B Working Group's recommendation to address a concern raised by the B2B-WG regarding a potential gap in fulfilling a crucial function necessary for the efficient operation of the B2B-WG and a lack of clarity concerning working group roles and responsibilities. The paper underscores the associated risks linked to the B2B-WG's capacity to meet the demand for changes to B2B procedures and presents recommendations aimed at addressing these issues and mitigating the corresponding risks.

2. BACKGROUND

The B2B-WG operates as a working group convened under the governance of the IEC. Comprising volunteers from market participants, these individuals are elected by their peers to represent various market sectors (retailers, networks, and metering service providers) with regard to matters concerning B2B processes and procedures.

At a broader level, the B2B-WG is responsible for the following activities:

- Providing advice to the IEC on issues and opportunities associated with the B2B framework and its effects on participants.
- Representing and engaging with other participants in discussions related to the development of changes in B2B Procedures and the B2B Guide.
- Formulating modifications to the B2B Procedures and B2B Guide on behalf of the IEC to incorporate relevant AEMC rule determinations and change requests submitted by participants.
- Assessing and preparing responses to stakeholder submissions received during consultations concerning draft changes to B2B Procedures or the B2B Guide, on behalf of the IEC for its consideration.
- Offering advisory input to the IEC concerning matters pertaining to B2B Procedures, the B2B Guide, or change requests.

As a matter of course, many of the B2B changes are initiated by the B2B-WG members to provide improvements in B2B processes.

The B2B-WG convenes regularly, typically on a monthly basis, although more frequent meetings might occur depending on the workload. These meetings are supported by resources provided by AEMO who:

- Chair the B2B-WG meetings.
- Offer secretarial services to document minutes, actions, and decisions.

3. PREPARATION OF SUPPORTING MATERIALS

Efficient execution of the B2B-WG's responsibilities requires the preparation of supporting materials for both pre-consultation processes and ongoing consultations. These materials encompass:

- Drafting issues papers that outline the subjects under consultation.
- Recording and documenting decisions relating to potential design solutions and associated considerations.
- Creating 'strawman' draft changes to the B2B procedures and B2B Guide, reflecting potential design alternatives deliberated by the B2B-WG.

As the consultation progresses from Initiation to the Final report, additional support work is essential. This work involves:

- Collating all submission responses into a template to facilitate comprehensive consideration by the B2B-WG.
- Categorising submission responses into substantive and non-substantive issues, streamlining the B2B-WG's focus on crucial matters and optimising response processing, thus allowing for a well-prepared reply to raised concerns.
- Documenting the decisions made by the B2B-WG regarding the issues raised and evaluated during the participant submissions review.
- Crafting a draft and final consultation report for B2B-WG review and subsequent recommendation to the IEC. This report adheres to a defined template, generally consistent across consultations, and addresses mandatory National Electricity Rules (NER) requirements. A typical report's table of contents is provided in Appendix A.

This supporting material is important to allow the B2B-WG to operate efficiently and helps ensure that the solutions proposed in formal consultations is of quality and where possible has broad industry acceptance prior to being published by the IEC.

4. KEY ISSUES AND RISKS

In the past, AEMO has undertaken the responsibility of preparing the required supporting materials for the B2B-WG. However, more recently, AEMO has requested that B2B-WG members assume the bulk of these tasks. AEMO has clarified that providing such support isn't mandated by the NER, IEC procedures or AEMO’s obligations regarding B2B activities, nor is it funded for such purposes.

Several issues have been raised by B2B-WG members in response to this request:

1) **Capacity Limitations:** B2B-WG members' capacity is constrained. Many of these members represent their businesses across multiple sectors within the industry. While businesses have allowed for a limited amount of 'industry' work as part of B2B-WG roles, taking on extensive supporting activities likely exceeds business expectations. Formalising this commitment is likely to deter businesses from nominating candidates for participation in this role.
2) **Primary Business Commitments:** B2B-WG members are primarily accountable to their respective businesses. Their primary focus remains on day-to-day business operations, which naturally take precedence over B2B-WG work. Even if a B2B-WG member intends to engage in preparation activities, they can easily be redirected to address more immediate business matters. The time-sensitive nature of consultations, once initiated, presents challenges in adhering to strict timeframes if the preparation of consultation material depends on B2B-WG members.
3) **Resource Limitations for Smaller Participants**: A significant number of B2B-WG members originate from smaller participants. These entities maintain lean divisions handling various facets of industry change with limited resources, often just one or two individuals covering multiple markets and activities. The expectation of B2B-WG

members to undertake preparation activities significantly reduces the available talent pool capable of this undertaking. Consequently, the bulk of this work may fall upon a select few.

4) **Skill Set Mismatch:** The primary expertise of B2B-WG members lies in their subject matter proficiency. However, producing supporting materials necessitates a skill set aligned with that of a Business Analyst or Technical Writer. B2B-WG members might not inherently possess this skill set, further narrowing the pool of potential contributors.

The concerns expressed by B2B-WG members regarding the responsibility for drafting consultation materials have been validated through experience. This was particularly evident during the recent Retailer of Last Resort (ROLR) consultation, where a 'lead writer' role was designated to a B2B-WG member. However, this member faced capacity limitations that threatened meeting the consultation's timeframes due to pressing business priorities. Consequently, other B2B-WG members stepped in to contribute, ensuring adherence to the NER's specified timelines. While a solution was feasible in this particular instance, it's improbable that such a scenario will consistently occur.

The limitations in B2B-WG's capacity are also observable in the extended timeframes for certain important, yet non-urgent, tasks. For example, the revision of the B2B Guide has encountered delays due to capacity constraints within the B2B-WG membership. Despite intentions to provide an updated B2B Guide, these efforts have repeatedly been deprioritised.

It's important for the IEC to recognise that the volume of industry changes continues to grow. Anticipated NER modifications stemming from the AEMC's Metering Services Regulatory Framework Review, coupled with alterations from the Energy Security Board's (ESB) Post 2025 and those AEMO strategic or foundational enabling initiatives that captured in AEMO's NEM Reform Program, are poised to influence B2B procedures in the immediate future.

The NEM Reform Program has indicated its reliance on the existing IEC governance structures for implementing changes to the B2B Procedures. As the expected demand escalates, an efficient process for delivering this change is imperative, and meeting this expected demand will require an efficient process best utilising the skill set of the B2B-WG members.

5. OPTIONS TO ADDRESS ISSUES

Several options are available for the IEC's consideration:

1) Do nothing - B2B-WG to Continue Responsibility for Supporting Material Preparation

This option involves the B2B-WG retaining the responsibility for generating all essential materials to facilitate its functions.

Risks/Costs: The constraints within the B2B-WG could hinder the timely implementation of necessary changes to B2B processes and procedures. Participants may need to resort to temporary solutions while awaiting B2B processes to catch up. High commitment levels could deter industry participants from allocating resources to the B2B-WG.

Benefits: No additional expenditure would be required as the IEC would rely on existing B2B-WG resources for this function.

2) Additional Funding for Dedicated Resource

This option entails AEMO receiving suitable funding to provide a resource (internal or external) capable of supporting the functions of the B2B-WG. An estimation suggests that

this would entail the equivalent of 0.6 full-time equivalent (FTE), equating to 3 days per week.

Risks/Costs: An initial allocation of $100,000 per annum would be necessary.

Benefits: This option mitigates the risks outlined in this document.

6. RECOMMENDATIONS

The B2B-WG recommends that the IEC:

- **Adopt Option 2 – Allocation of Additional Funding for Dedicated Resource:** The allocation of funds from the IEC Budget to support an additional resource is suggested. This approach effectively addresses the concerns and risks raised by the B2B-WG, as detailed in this document.
- **Review and Clarify IEC Documentation:** It is recommended that the IEC documentation be thoroughly reviewed and, where necessary, updated to provide a more accurate description of the roles and responsibilities of both B2B-WG and AEMO. These roles and responsibilities are described in the IEC's B2B Change Process. Diagrams further illustrating these roles and responsibilities can be found in Appendix B.

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7. APPENDIX A.

A1. Typical Consultation Report Template

Table of Contents

1. **Consultation Process**
   - Changes between the Issues Paper and Draft Report
   - Changes between the Draft Report and Final Report
2. **Background -** Issues Statement and Scope, Consultation Plan, Procedures Effective Dates
3. **Changes -** Issues Summary and Submissions, IEC Assessment and Conclusion, B2B Principles, B2B Factors, Benefits, Costs, MSATS Procedures Impact
4. **B2B Proposal**
5. **Glossary**
6. **Summary of Submissions in Response to Draft Report**

Tables

Table 1: Summary of Proposal

Table 2: Summary of Consultation Stages

Table 3: B2B-WG Members by Sector

Table 4: Change Effective Dates

Table 5: Plan

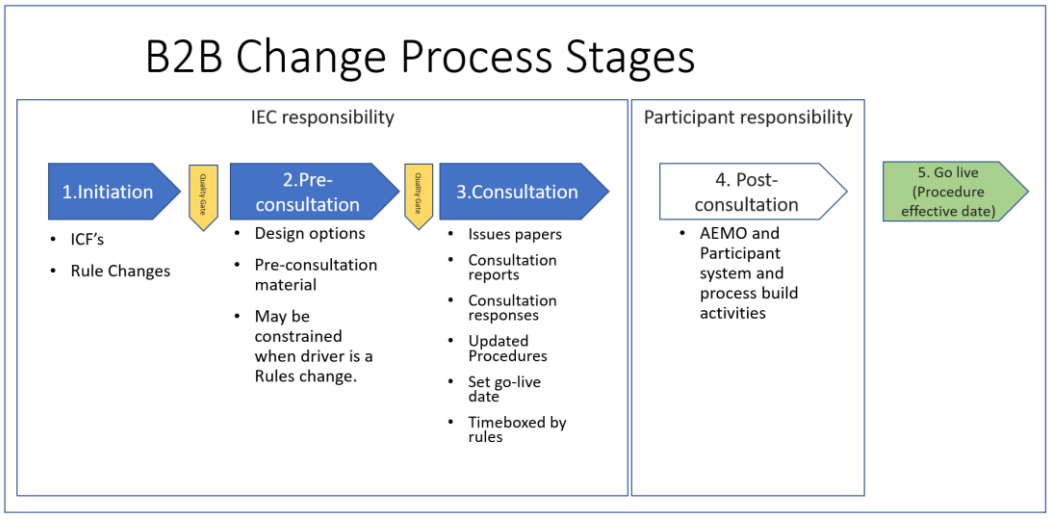
8. APPENDIX B.

B2B CHANGE PROCESS

The existing IEC change process can be broadly outlined in five stages, with three of these stages falling under the purview of the IEC. The following are the key stages:

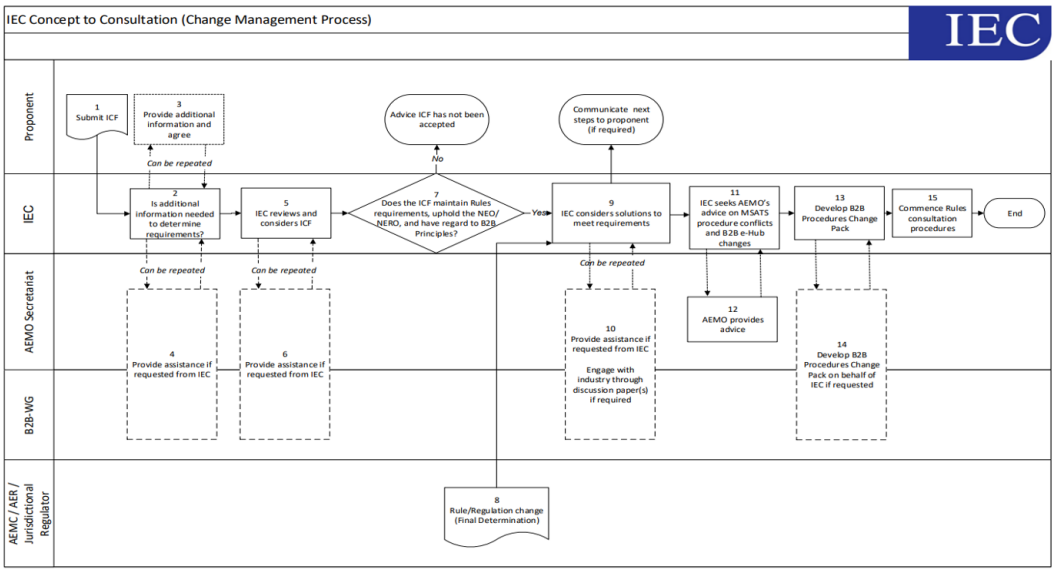
1) **Initiation or Concept Stage:** This initial stage involves activities that lead up to formal consultation. It encompasses the creation of a change request, along with an exploration of potential solutions and design options. The duration of this stage can vary, although it may be subject to constraints, particularly when the impetus for change stems from a regulation or Rule change.
2) **Pre-Consultation Stage:** This stage also contributes to the preparation for formal consultation. It includes activities such as assessing potential solutions, design options, and other preliminary steps. The duration of this stage is contingent on specific circumstances and considerations.
3) **Formal Consultation Stage:** Once granted approval to proceed by the IEC, the change enters the formal consultation stage. This stage adheres to time constraints dictated by the rules. During this phase, input and feedback are collected, and the proposal undergoes thorough consideration.
4) **Post-Consultation Stage:** After the conclusion of formal consultation and the establishment of an effective date, the change process moves into the post-consultation stage. In this stage, AEMO and Participants make adjustments to their processes and systems, aligning them with the forthcoming B2B obligations. The duration of this stage hinges on the scale of changes and the outcomes derived from the consultation that inform the effective date determined by the IEC.

The duration and progression through these stages can be influenced by a range of factors, including the nature of the change, its regulatory underpinnings, and the degree of industry consensus reached during the consultation process.



INITIATION AND PRE-CONSULTATION STAGES

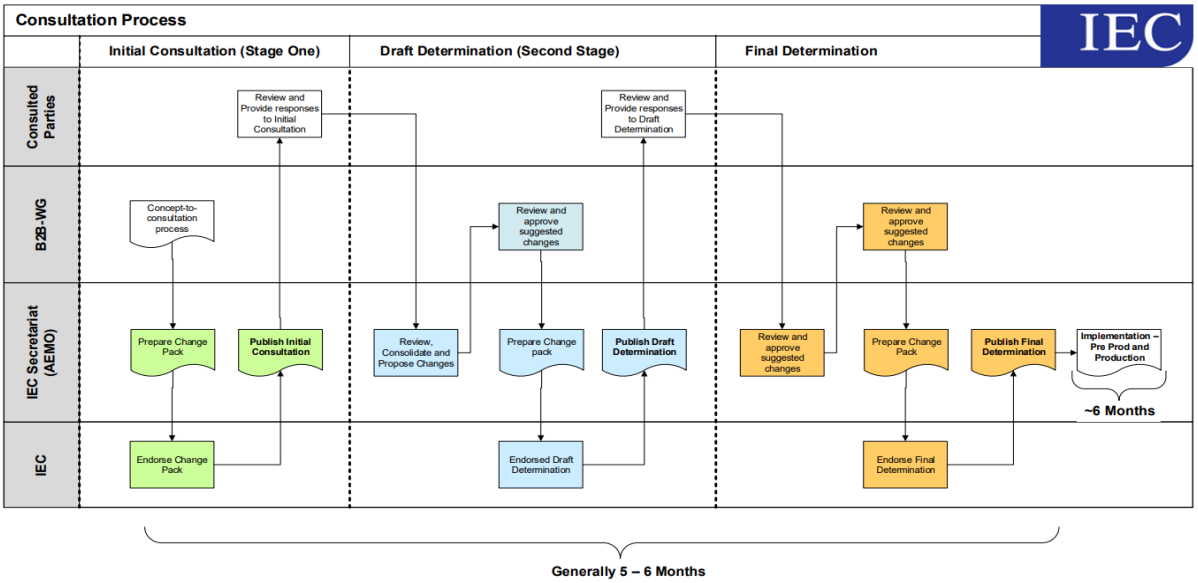
The overarching processes and associated roles and responsibilities related to the Initiation and Pre-Consultation stages have been detailed in the B2B Change Process document. An abridged overview of these aspects is presented in the diagram below.



This diagram encapsulates the essential steps and key stakeholders involved in the Initiation and Pre-Consultation stages, offering a concise representation of the overarching process structure. Further details can be referenced in the comprehensive B2B Change Process document.

CONSULTATION STAGE

The Consultation Stage encompasses distinct processes and delineated roles and responsibilities, all of which are expounded upon in the process diagram provided below.



This diagram describes the processes of the Consultation Stage, outlining the respective responsibilities undertaken by the stakeholders. For a more comprehensive understanding, detailed information can be referenced within the process documentation.