STAKEHOLDER ENGAGEMENT STRATEGY

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Version Release History

VERSION	DATE	BY	CHANGES

1 Purpose

Effective stakeholder engagement is an important strategic priority for AEMO in its role as planner, developer and operator. This document presents AEMO's approach to stakeholder engagement with energy sector stakeholders including:

- The energy industry, from generators, transporters of energy through to retailers and consumers, as well as peak industry bodies and representatives.
- The Australian Energy Market Commission (AEMC) and Australian Energy Regulator (AER).
- Governments through their Ministers, the Ministerial Council on Energy (MCE), and their officials, the MCE Standing Committee of Officials (SCO).

Our approach applies equally to reviews and consultations that we initiate as it does to those that we respond to.

2 Approach to Engagement

AEMO's approach to stakeholder engagement sits within a broader strategic framework and is guided by our Vision, Mission, and Values. The following table demonstrates how an effective stakeholder engagement policy will support AEMO's corporate aims.

Vision	• To be pivotal to markets that secure Australia's energy needs.	• Work with stakeholders to support market evolution and to further develop a market that continues to deliver secure and reliable energy. • Engage openly and meaningfully with stakeholders to achieve the best outcome for the energy market.
Mission	• To plan, develop and operate markets that are responsive to energy sector needs and support long-term investment in Australia.	• Operate markets efficiently and transparently according to energy market rules and report on and explain market outcomes to stakeholders regularly, simply, and clearly. • Engage with the energy industry, governments and energy market institutions to continuously improve energy markets. • Produce accurate, relevant, and informative planning documents (NTNDP, ESOO, GSOO) through consultative processes. • Work with the other energy market institutions to build and maintain market confidence, and to ensure that the market continues to attract investment in both the competitive and regulated sectors.

Values	• Every voice: listen openly and show respect for others. • Our stakeholders: be responsive and add value in everything that we do. Remain stakeholder focused. • One team: work collaboratively as one team. Be consistent and speak as one. • Commitment and delivery: motivated to perform at our best. Accept responsibility and be accountable.	• Actively communicate with stakeholders to hear their views. • Respect stakeholder views. • Consider stakeholder views thoughtfully and respond in a timely manner.

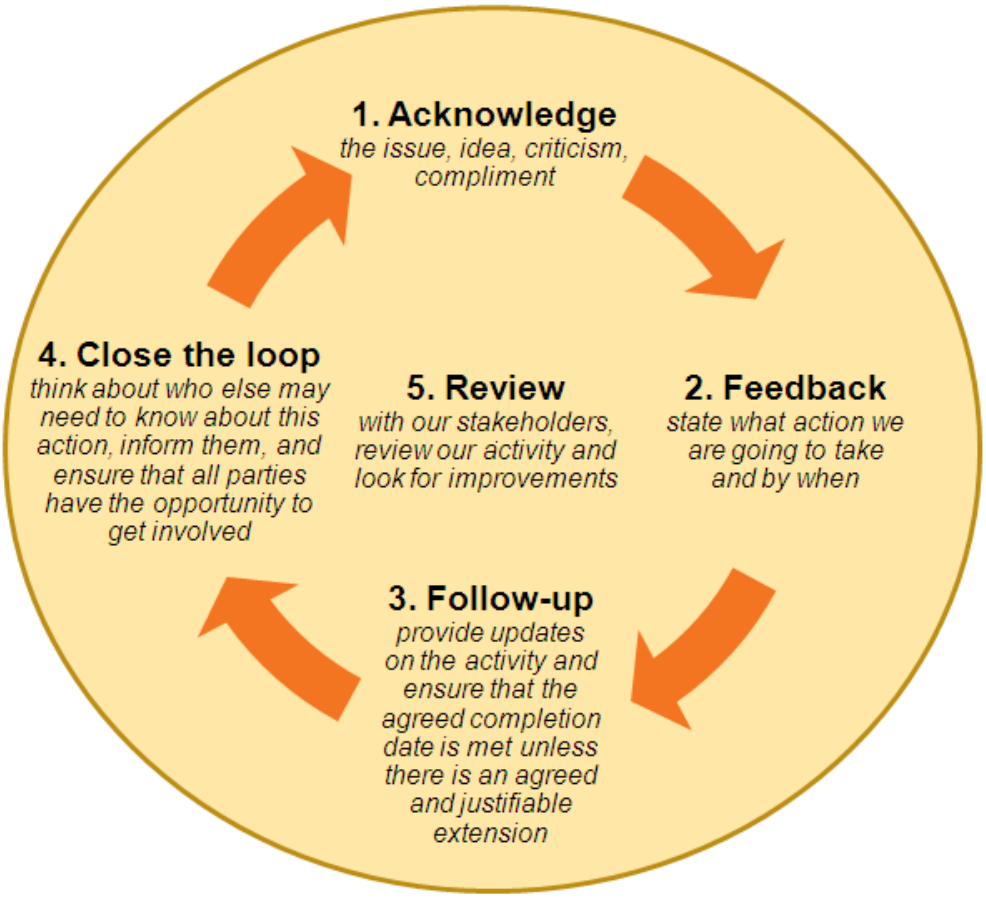
2.1 Engagement Principles

AEMO engages with a wide range of external stakeholders in every aspect of AEMO's operation. It is important that we adopt the same engagement principles for each and every consultation or review.

These principles consist of five key steps

1. Acknowledge – the issue, idea, criticism or compliment;
2. Feedback – identify the action that we will take;
3. Follow up – provide updates on the activity and meet the agreed date;
4. Close the loop – ensure that all parties who need to know about the activity are informed; and
5. Review – the activity and our actions, and look for improvements.

These principles are best represented in the feedback loop set out below.



2.2 Consultation Charter

Consultation with stakeholders forms a key part of our engagement with external stakeholders. These consultations might result from:

- A requirement under the Rules—as part of process to develop a proposed rule-change request or to support a proposed change to procedures.
- The development of planning documents— such as the National Transmission Network Development Plan, Gas Statement of Opportunities, the Electricity Statement of Opportunities.
- The development of AEMO's business plans and services.

AEMO also responds to consultations administered by other institutions and organisations, such as:

- MCE Reviews;
- AEMC Reviews and Rule changes; and
- AER Revenue Resets.

This strategy encourages a positive and proactive consultation culture that supports AEMO's objectives and values. By engaging proactively with stakeholders, either through AEMO initiated consultations or those organised by others, AEMO will be better placed to achieve the best outcome for the energy market

The "Consultation Charter" set out below demonstrates publicly AEMO's commitment to carrying out and responding to effective consultations.

Consultation Charter

- Consultation is a fundamental part of AEMO's role as energy market developer, planner, and operator.
- We will consult with stakeholders whenever it will add value to the process and whenever we have an obligation to do so.
- We will ensure, subject to any legislated requirements, that the level of consultation will be commensurate with the scale and difficulty of the issue.
- We will prepare documents that are clear and easy to understand. In particular, we will communicate clearly about the purpose of the consultation and provide clear and relevant information, which can be easily found on our web site.
- We will actively seek the input of stakeholders early in a consultation process, so that stakeholder needs and views are understood from the outset.
- We will respect the views expressed by each individual during a consultation.
- We will actively engage with stakeholders and discuss with them how any proposed change will affect them.
- Where appropriate, we will collaborate with the Australian Energy Regulator and Australian Energy Market Commission to ensure a coordinated approach.
- We will inform stakeholders of the outcomes of every consultation.
- We will show equal commitment to consultations that we respond to as those we initiate.

If you believe that AEMO has not met its commitments to consultation, you may detail your concerns in a letter directed to the Executive General Manager, Corporate Development. We will seek to understand your concerns and take opportunities to constantly improve our consultation processes.

2.3 Nature of consultation

AEMO must provide greater clarity to the energy market about the nature of each of its consultations. This will be achieved by clearly stating, in all communications and documents, what AEMO wants to achieve from the review or consultation and the process by which a determination will be arrived at. This approach will improve the effectiveness of the engagement for all parties.

AEMO will classify each consultation by the nature of the engagement as either 'collaborate' or 'engage' or 'communicate', as described in the following table:

Nature of consultation	Indicators	Examples
Collaborate: **work in partnership with the energy sector**	• An issue that might pose a significant risk to AEMO or the energy market and that requires meaningful consultation to ensure the best outcome for the energy market. • An issue that might impact roles, responsibilities, and functions in the energy market. • Any issue that is likely to attract a high level of interest from the energy sector.	• Implementation of a new hub for the Short-Term Trading Market • Prudential Review
Engage: **discuss and consider industry views**	• AEMO has preliminary position on an issue and seeks the energy sector's views on that issue. • A consultation preceding a Rule-change or external review.	• Potential scenarios for NTNDP • Electricity Transmission Hubs development
Communicate: **inform the energy sector about an AEMO decision**	• Communicating the results of a consultation , such as an extensive non-public review or working group discussion. • Communicating after a Rule-change or external review; • Communicating minor amendments or non-controversial changes	• Budgets and fees • System Incident Reports

2.4 Clear and accessible documents

To ensure that the purpose and content of our documents are clear and understandable to their respective audiences, they will be limited in length and written as clearly as possible. Documents will comprise:

- A statement of purpose answering the question 'why am I reading this document?'
- An executive summary of not more than two pages that contains background, issues and recommendations.
- A report of not more than 30 pages in length.
- Any appendices with supporting information (as required).

3 Working with the Energy Industry

3.1 Leadership Forums

AEMO is establishing three new forums in the electricity and gas industries, which will provide over-arching strategic guidance on the direction of market design:

- Electricity Market Leadership Forum (EMLF)
- Gas Market Leadership Forum (GMLF)
- Network Planning Forum (NPF)

The purpose of these executive-level forums is to consider current and future issues and challenges to the market, and to discuss potential solutions and the appropriate direction for the market.

These forums will comprise executive-level representatives from industry and AEMO's CEO and relevant executive management team. The forums will meet three times a year. Although the EMLF and GMLF will be sector-specific, both groups will also consider matters of energy market convergence.

3.2 Working Groups

The industry working groups and forums convened by AEMO will continue to be an important part of our engagement strategy. Working groups provide the environment for AEMO to interact and work with our stakeholders on the development of our services and the provision of planning and operating information. With the assistance of its stakeholder working groups, AEMO aims to increase its focus on the review of market outcomes and to encourage feedback on its activities.

Each of AEMO's working groups comprises representatives from the energy sector, ranging from producers to consumers, subject matter experts with specific areas of interest, and representatives of AEMO.

A number of committees and working groups are required under the Rules, procedures or previous agreements. These groups consider matters of development and consideration of potential changes to improve the operational performance, effectiveness, and efficiency of energy markets.

3.3 Member Briefings

Each year AEMO's members will be invited to attend two Member Briefings rotating between Melbourne and Sydney. These briefings enable AEMO's members to meet with the Chairman and CEO to discuss organisational priorities and issues central to the energy market. The Chairman of the Board and CEO will take this opportunity to update members on priorities and plans, and to provide an in-depth presentation and discussion about a topical issue on which AEMO seeks industry views.

3.4 Australian Energy Market Briefings

AEMO will continue to hold quarterly Australian Energy Market Briefings, formerly known as Australian Energy Market Forums, to provide stakeholders at all levels of industry with a regular

progress update on AEMO's reviews and projects and new information on the key issues in the energy market.

4 Working with Governments

As 60 per cent owners of AEMO, and as the custodians of the Law's governing AEMO's operations, an excellent and open relationship with Governments is integral to our success. To develop and maintain strong relationships with Ministers and Government official's regular contact is desirable to build trust and ensure timely and responsive advice and support is provided as required. Working with AEMC and AER

Under the current market arrangements, there are three governance institutions: AER, AEMC, and AEMO. It is important that AER (the economic regulator and rules enforcer), AEMC (the rule-maker), and AEMO (the market operator and planner) communicate regularly and effectively.

Each organisation has a vital role in improving the energy markets and relies upon consultations to collect the information that is essential to discharging their responsibilities. Given their roles, it is important that the three organisations operate and reach decisions independently. However, it is equally important that any information gathering or consultation does not result in unnecessary duplication for the energy sector. Regular contact will be a feature of the manner in which these organisations will work together to ensure communication on priorities, issues, and challenges for each organisation and the energy industry.

5 Monitoring our performance

AEMO will establish a range of approaches to measuring the success of this strategy. Those measures will include:

- The external stakeholder survey conducted in late 2009 will be used as a baseline against which the general level of satisfaction with AEMO's performance in engaging with stakeholders and our performance in undertaking consultations will be measured from time to time, not less than every two years.
- We will run focus groups from time to time to assess our performance in relation to particular groups of stakeholders in more detail.
- A number of projects to implement this strategy will be planned in association with an implementation team and monitored for successful completion.