

# FPP Non-Financial Operations Industry Readiness Approach

29 February 2024



# Contents

In consultation with NEM participants, industry readiness & go-live criteria have been established for **Frequency Performance Payments (non-financial operations)** release 9 December 2024.

The following slides outline:

- Purpose of initiative readiness approach
- Overview of the Initiative readiness approach strategy
- High-level readiness approach and go-live criteria for FPP-NFO
- Criteria for each element of the readiness approach for FPP-NFO

Note: General readiness commentary will be noted in Implementation Forums

# Purpose of Initiative Readiness Approach

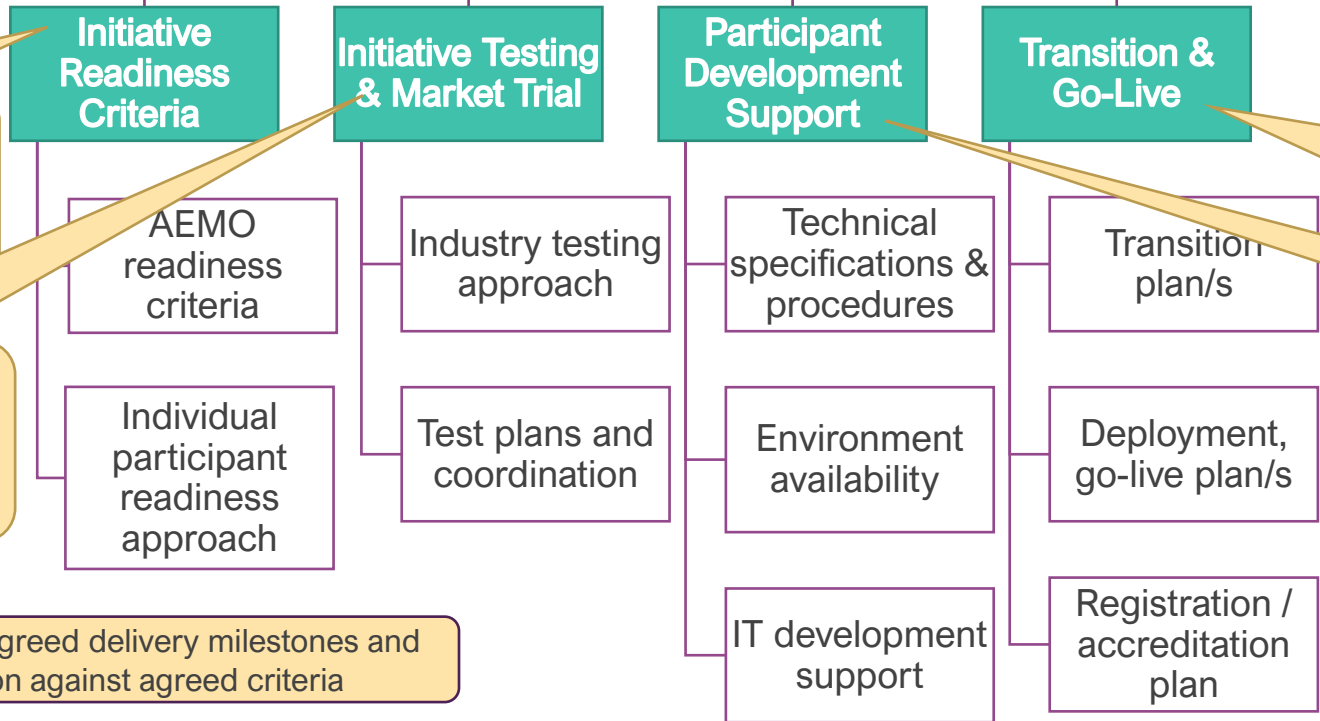
- To assist industry with their own planning and delivery activities to be ready for FPP as it is operationalised.
- To define the criteria against which go-live decisions will be made.
- Aligns to and supports the implementation approach of the two-stage delivery defined for FPP:
  - 9 December 2024 – Commencement of a period of “non-financial operations<sup>\*\*</sup>”
  - 8 June 2025 - Rule commencement and financial settlement changes (Financial Operations)
- The Readiness Approach, once endorsed, will form the basis of participant readiness activities in line with the principles in the [NEM 2025 Industry and Business Readiness Strategy](#).

<sup>\*\*</sup> The period of Non-Financial Operations is designed to allow participants to observe how different patterns of operation would result in penalties or payments, based on actual performance and in real time, prior to FO operations commencing.

# Context: NEM Reform program industry strategy

## NEM REFORM READINESS STRATEGY (ALL INITIATIVES)

### READINESS APPROACH



**Readiness Criteria:** Criteria against which the decision to implement the initiative will be made. Includes impact on ongoing NEM operation

**Industry Testing / Market Trial:** Agreed approach to support participant testing of market processes impacted by initiative

Progressive management of agreed delivery milestones and checkpoints for evaluation against agreed criteria

**Transition & Go-Live:** Approach and management of transitional activities and Go-Live timings, dependencies and communication approaches

**Participant Development Support:** Approaches to provide impacted participants the information required for successful development and implementation of their required changes

Identification and management of implementation risks and Agreed contingencies for the initiative

### RISK & CONTINGENCY MANAGEMENT

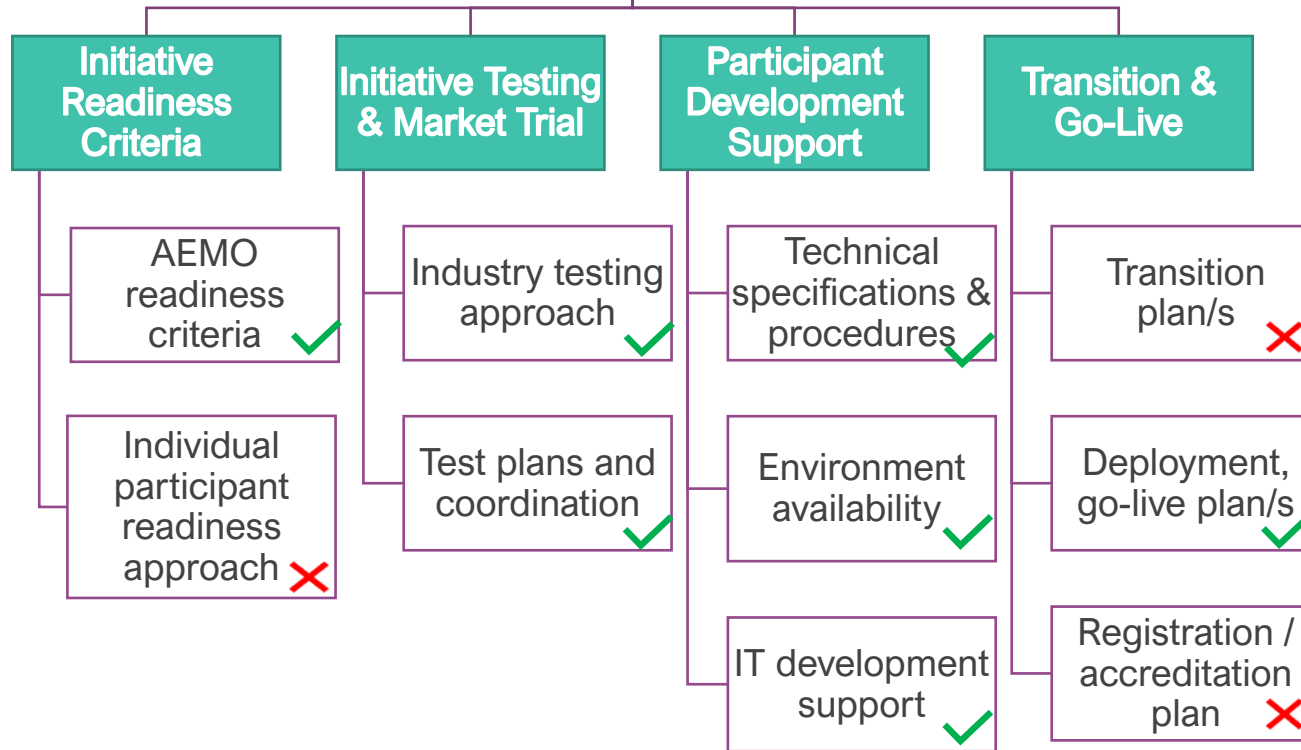
### INITIATIVE READINESS REPORTING & GO-LIVE CRITERIA MANAGEMENT

# Context: NEM Reform program industry strategy

## NEM REFORM READINESS STRATEGY (ALL INITIATIVES)

### FPP-NFO READINESS APPROACH

FPP readiness approach adopts the standard NEM Reform program framework



### RISK & CONTINGENCY MANAGEMENT ✓

### INITIATIVE READINESS REPORTING & GO-LIVE CRITERIA MANAGEMENT ✓

# FPP-NFO Dec 2024: Readiness and go-live criteria

<b>GO-LIVE CRITERIA</b>	<p><b>Non-Financial Operations from 9 Dec 2024</b></p> <ul style="list-style-type: none"> <li>FPP (NFO) go-live criteria will reflect Technical Readiness for go-live and AEMO preparedness to support new FPP calculations and reporting.</li> <li>Impacted participant readiness will not be considered as criteria for go-live.</li> </ul>
<b>AEMO READINESS</b>	<p><b>AEMO solution built and tested in-line with requirements for:</b></p> <ul style="list-style-type: none"> <li>NEM operation incorporating new FPP calculations and reporting of new data for all eligible generating units via NEM Reports / AEMO Data Interchange</li> <li>Additional infrastructure in place</li> </ul> <p><b>AEMO business ready to support the period of NFO operation</b></p>
<b>INDUSTRY READINESS</b>	<p><b>Participant readiness activity is not a pre-requisite for go-live.</b></p> <ul style="list-style-type: none"> <li>However, Participants are encouraged to make timely system/process changes to take advantage of the period of non-financial operations and assess the impact on their business. AEMO does not propose to monitor participant readiness.</li> </ul>
<b>CONTINGENCY</b>	<p>Contingency approaches to be developed and discussed with IF members</p>

Introduction of FPP is based on AEMO providing new FPP calculations and reports using existing standard approach. There is no preparatory participant activity that will prevent initiative go-live.

# FPP-NFO – Industry Testing Approach

	NFO INDUSTRY TESTING
<b>Timeframe</b>	<ul style="list-style-type: none"> <li>• 25 Oct 2024 to 22 Nov 2024</li> <li>• Duration 1 month</li> </ul>
<b>Test Strategy</b>	<ul style="list-style-type: none"> <li>• To test FPP calculations and reporting</li> <li>• AEMO co-ordinated delivery of agreed reporting for individual participant consumption</li> <li>• Target publish date - 7 Jun 2024</li> </ul>
<b>Test Plan</b>	<ul style="list-style-type: none"> <li>• To be published 2 Sep 2024</li> </ul>
<b>Scoping and Planning</b>	<b>In consultation with participants and in alignment with the project schedule</b>

# FPP-NFO - Participant Development Support

## Technical Specifications and Procedures

### Completed Procedure Consultations

- ✓ [Primary Frequency Response Requirements](#) - published 4 May 2023 (effective from 8 May 2023)
- ✓ [Frequency Contribution Factors Procedure](#) - published 1 June 2023 (effective from 8 June 2023)
- ✓ [Frequency Contribution Factors Tuning Parameters and Input Sources](#) - published 1 June 2023 (effective from 8 June 2023)
- ✓ [Power System Data Communication Standard](#) – effective 3 April 2023

### High Level Design

- ✓ To assist participants with their own architecture and design processes - [Published 8 Dec 2023](#)

### Data Model Technical Specifications

- To be published in time for participants to make their system changes:
- DM Tech Spec v5.3.1 with updates for FPP Reporting - **15 Apr 2024**



# FPP-NFO – Participant Development support cont'd

## Environment Availability

- Preproduction environment will be available to support Industry Test period (25 Oct 2024 – 22 Nov 2024)
  - Inclusive of additional infrastructure to support the new solution
  - Scheduling and requirements to be discussed at Implementation Forum.

## IT Development Support

- Open invitation sessions – first scheduled for **Fri 23 Feb 2024**.
- MSUG sessions to support Technical Specification updates, aligned with release dates of draft and final specification
- Technical implementation support via Q&A, NEM2025 mailbox query

# FPP-NFO – Transition and Go-live Approach

<b>Transition Plans</b>	No obligated transitional requirements for rule commencement
<b>Deployment / Go-live Plans</b>	<p><b>Go-live plans</b> covering key cutover timeframes, communications and participant co-ordinated activity (where required) will be needed for:</p> <ul style="list-style-type: none"> <li>• Data model changes</li> <li>• Reporting changes</li> <li>• Alignment of participant and AEMO system deployments</li> <li>• Post Go-live support</li> </ul> <p>Tentative publish dates:</p> <ul style="list-style-type: none"> <li>• Draft - 04 Nov 2024</li> <li>• Final - 18 Nov 2024</li> </ul>
<b>Registration / Accreditation Plans</b>	<ul style="list-style-type: none"> <li>• Re-registration is not required for existing participants</li> <li>• FPP does not introduce or trigger any additional accreditation requirements</li> </ul>

# FPP-NFO – Participant Readiness Reporting

## Participant Readiness Reporting

Formalised readiness reporting is not required.

Rationale:

There are no mandatory participant transition or preparation activities that if not performed will impact technical readiness for market or other participants.

AEMO does not need to provide an industry wide view on the progress towards implementation to meet go-live decisions.

## Checkpoints on Go-live Criteria

Reporting on agreed delivery milestones and AEMO checkpoints will be shared with participants at monthly Implementation Forums to provide assurance of implementation preparations ahead of industry test period and go-live, allowing time for finalising AEMO's and participants business preparation.

Checkpoints:

- Prior to Industry Test Start – 15 Oct 2024
- Go-live Readiness – 8 Nov 2024
- Additional checkpoints as needed in the lead up to go-live