

REGULATORY IMPLEMENTATION ROADMAP

Summary of Stakeholder Feedback and Outcomes

31 August 2020

Background

In April-May 2020, the market bodies undertook a process to prioritise the regulatory program in response to the impacts of the COVID-19 pandemic, and in recognition of the regulatory burden.

As part of this process, AEMO developed a regulatory implementation roadmap focused on those regulatory initiatives with material IT system implementation impacts, and other strategic or key reforms. The roadmap was based on best available information at that time, and a number of go-live assumptions, including a proposed 12-month deferral of Five Minute Settlement (5MS) and Global Settlement (GS).

The outcomes of the prioritisation process were published by the market bodies in mid-May 2020, identifying those initiatives to be delayed, progressed as planned, progressed with reduced scope, or bundled. AEMO committed to maintaining the regulatory implementation roadmap to support ongoing transparency, prioritisation and program management by all stakeholders.

There have been a number of changes since the roadmap was published, including the AEMC's final rule determinations on the Wholesale Demand Response (WDR) Mechanism, deferral of 5MS and GS, and Metering Coordinator Planned Interruptions. The implications of the WDR Mechanism and 5MS decisions (in particular) on the roadmap results in a significant implementation and go-live effort in Q4 2021.

AEMO undertook a process to update the roadmap to take account of those decisions and identified key areas for consultation with external stakeholders. A stakeholder forum was held on 10 August 2020 to discuss the updates and seek feedback on some proposed changes to implementation timeframes.

Overview of Stakeholder Feedback

AEMO received a total of 17 submissions following the stakeholder forum on the updated regulatory implementation roadmap (draft, version 3). Submissions were received from six retailers, seven networks, two metering businesses, one industry association and one consumer advocacy group.

There were a range of views put forward by respondents on the three key areas for consultation, namely:

- Proposed go-live dates for Reducing Customer Switching Times;
- Proposed bundling and go-live dates for MSATS Standing Data Review (MSDR) and Metering Coordinator Planned Interruptions (MCPI); and
- Proposed go-live dates and bundling for electricity and gas B2B changes.

A summary of stakeholder feedback, and the outcomes taking into account that feedback, is set out below.

Reducing Customer Switching Times

The updated roadmap (draft, version 3) presented to stakeholders on 10 August, proposed a mid-July 2021 go-live for customer switching. The proposed go-live timing would meet the eight-month notice period specified by AEMO in its NEM Customer Switching Final Report (March 2020). However, AEMO canvassed views on the benefits of bundling customer switching implementation with 5MS go-live in October 2021. During the forum an August 2021 go-live date was also raised as an option to better accommodate annual operational activities that take place mid-year, including price updates and recontracting.

The implementation of customer switching prompted the greatest response with all 17 submissions providing comments on this matter.

Overall, there was widespread support for customer switching go-live to be bundled with the implementation of other regulatory initiative/s to deliver efficiencies in terms of managing implementation efforts and reducing costs, and to avoid the July recontracting period. Seven (7) respondents supported bundling of customer switching with 5MS and GS or WDR Mechanism go-live in October 2021. One (1) respondent preferred to bundle customer switching go-live with the proposed effective date for electricity and gas B2B changes in November 2021 (and also bring forward MSDR and MCPI changes to November 2021).

Five (5) respondents supported bundling of customer switching with the proposed implementation of MSDR and MCPI by end March 2022 in order to mitigate delivery risk across industry for 5MS and GS, given the complexity of these reforms which have been further complicated by the impacts and uncertainty of the COVID-19 pandemic. One (1) respondent emphasised that while other regulatory changes on the roadmap will deliver industry efficiency and improved customer service, they will not provide the same magnitude of benefits as 5MS and GS. There were contrary views from one (1) participant advocating for Customer Switching to be separated from 5MS and GS.

Two (2) submissions were in favour of proceeding with the proposed go-live of July 2021, while one (1) respondent nominated a late August 2021 go-live to avoid the July recontracting period. One (1) respondent expressed concerns about further delaying this long-anticipated reform designed to benefit customers.

Outcome

Following a balanced consideration of the feedback provided by stakeholders, as well as AEMO's internal implementation program, AEMO has determined that delaying customer switching go-live from the mid-July proposal to 1 October 2021 is reasonable to enable a smooth implementation of the necessary changes by relevant participants while delivering on the benefits for customers. This decision is based on three key factors:

- July is not a practical time for go-live, given the re-pricing and re-contracting processes that occur until ~mid-August;
- A number of stakeholders signalled the benefits associated with bundling the reforms for efficiency reasons to align with October 2021 go-live; and
- A delay beyond October 2021 would not be favourable in terms of realising the benefits of reduced switching times for customers.

The implementation and effective date for Reducing Customer Switching Timeframes will be 1 October 2021 as a result of this consultation. This will be confirmed in due course when AEMO formally publishes the effective date to complete the consultation process.

MSATS Standing Data Review (MSDR) and Metering Coordinator Planned Interruptions (MCPI)

There was strong support for the bundling of MSDR and MCPI, with a significant number of respondents in favour of the proposed March 2022 go-live date. Nine (9) respondents agreed with a March 2022 implementation timeframe, citing both bundling and appropriate spacing between deployments as assisting in managing delivery risk and reducing project costs.

Four (4) respondents recommended alternative bundling arrangements or timing including:

- Bundling of MSDR and MCPI implementation in November 2021 (with B2B changes);
- Implementing MCPI and rolling-out limited MSDR changes in March 2022, with more substantive changes to be implemented 12 months later;
- Unbundling of MSDR and MCPI, with MCPI going live in March 2022 and MSDR going live in March 2023; and
- Bundling MSDR and MCPI with Energy Consumer Data Right changes and Updating the Regulatory Frameworks for Embedded Networks in late 2022.

Four (4) respondents did not provide feedback on the implementation of MSDR and MCPI.

Outcome

Following a balanced consideration of the feedback provided by stakeholders, as well as AEMO's internal implementation program, AEMO has determined to retain the proposed go-live date of end March 2022 to implement MCPI and MSATS Standing Data Review (v1) changes. This decision is based on the following key factors:

- The majority of participants are in favour of retaining the proposed go-live date (as previously identified through industry consultation);
- A number of stakeholders supported bundling the reforms for efficiency and practicality reasons;
- The AEMC's final rule determination for MCPI requires AEMO to make its necessary changes by 30 March 2022; and
- A delay beyond March 2022 would put additional pressure on those regulatory initiatives due to go live in late 2022.

Formal notification of this decision will be made to stakeholders through AEMO's MSATS Standing Data Review project.

Electricity and Gas B2B Changes

Stakeholders offered varying views on the timing and potential to bundle electricity and gas B2B changes. Seven (7) respondents supported the proposed November 2021 go-live date, while six (6) respondents were in favour of bundling and aligning with MSDR and MCPI implementation in March 2022.

Those stakeholders in support of the proposed November 2021 timeframe indicated that the changes and timing had been consulted on and endorsed by the Information Exchange Committee (IEC), and will deliver operational improvements that are beneficial to industry.

Stakeholders preferring to bundle with MSDR and MCPI (and in some cases Customer Switching) in March 2022 suggested benefits relating to regulatory efficiency, reduced costs and mitigation of overall program risks.

Four (4) respondents did not provide feedback on electricity and gas B2B changes.

Outcome

Following a balanced consideration of the feedback provided by stakeholders, as well as AEMO's internal implementation program, AEMO has determined to retain the proposed go-live date of November 2021 to implement both electricity and gas B2B changes. This decision is based on the following key factors:

- The timing was already broadly supported through industry consultation, including endorsement by the IEC;
- A number of stakeholders signalled the benefits of delivering on these operational improvements; and
- AEMO's operational and resourcing preference to keep implementation of B2B and MSDR changes on separate timelines.

Formal notification of this decision will be made to stakeholders through AEMO's respective electricity and gas B2B change projects.

General Feedback

In addition to feedback on the above three initiatives, a number of stakeholders provided some further implementation suggestions, including:

- That go-live dates be scheduled for a weekend, and that a lead time of at least 12 months between the finalisation of AEMO procedures and implementation would be preferable;
- Reverting to two windows for deployment of industry changes in May and November each year to achieve implementation efficiencies; and
- Some minor further enhancements to the roadmap, such as capturing metering ICF changes.

The above suggestions will be considered through future iterations of the regulatory implementation roadmap.