

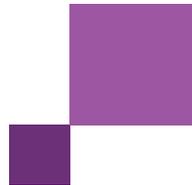
FY24 Budget and fees

March 2023

Engagement and Communications Plan

AEMO's plan to engage with stakeholders on its 2023-24 budget and fees





Contents

1	Overview	3
2	Purpose	3
3	Goal, objectives and commitments	3
3.1	Goals and objectives	4
3.2	Our engagement commitments	4
4	Approach	5
4.1	Scope	5
4.2	IAP2 Spectrum	6
4.3	Key stakeholder groups	6
4.4	Engagement and communication methods	7
5	Evaluation	7
6	High level engagement schedule	9

Tables and Diagrams

Table 1	Engagement objectives aligned with AEMO's Corporate Plan	4
Table 2	IAP2 Spectrum	6
Table 3	Key stakeholder groups	6
Table 4	Success measures and evaluation tools	7

1 Overview

This engagement plan supports AEMO's consultation on its 2023-24 budget and fees.

AEMO is committed to earning and maintaining the trust of all of stakeholders so that we can be a trusted partner working with our stakeholders to deliver better outcomes for energy consumers. In 2022-23 AEMO implemented an increase to its fees to recover from a deficit position, following consultation with key stakeholders. We acknowledge that this impacted stakeholders' trust and confidence in AEMO's financial management and governance, and we have been taking steps to build stakeholder trust, improve our engagement and increase transparency and accountability.

This includes proactively engaging with stakeholders around projected revenues, expenses, fees and charges, and current and planned investments through consultation on our annual budget and fees. There is no regulatory requirement for AEMO to do this, but we consider this essential to our engagement goal.

AEMO consults with key stakeholders about revenue, expenses, investment and fees and charges does through the [Financial Consultation Committee](#) (FCC) and with other interested stakeholders when the draft budget and fees document is published.

AEMO's budget and fees reflects our regulatory responsibilities and other priorities, as set out in a [Corporate Plan](#) and discussed in other forums with stakeholders through engagements and consultations. In addition, some fees and charges and budgets are set through other processes. Therefore, the budget and fees consultation is predominantly an opportunity for stakeholders to have improved visibility of AEMO's project budget and expenditure per market segment and to provide feedback on AEMO's overall financial management and governance, and investment priorities.

2 Purpose

The purpose of this engagement plan is to clearly articulate how we intend to engage with stakeholders on AEMO's draft FY24 budget and fees.

3 Goal, objectives and commitments

This section outlines:

- our engagement goal and its alignment with the FCC and its terms of reference;
- a set of objectives that are tied to our broader Corporate Plan; and
- our engagement commitments to stakeholders.

3.1 Goals and objectives

The goal of this engagement is to build stakeholder confidence that AEMO is investing in the right activities in a cost-effective way, conscious of the impact on market participants and consumers.

Through this stakeholder consultation we intend to:

- improve stakeholders’ understanding of AEMO’s projected revenues, expenses, fees and charges (with the exception of fees and charges that are set through other budget processes¹), and current and planned investments per market segment;
- improve stakeholders’ awareness of the growing breadth of tasks AEMO performs;
- invite discussion and feedback from stakeholders’ on AEMO’s priorities and projects;
- build confidence in AEMO’s financial planning, cost management and financial governance; and
- enhance AEMO’s reputation as a transparent and accountable organisation.

This engagement plan aligns to the objectives in the [current Corporate Plan](#). The strategic alignment with relevant Corporate Plan priority areas is outlined in Table 1.

Table 1 Engagement objectives aligned with AEMO’s Corporate Plan

Corporate Plan priority	Priority description	Relevant objectives for this engagement
Engaging our stakeholders	Be a trusted partner working with our members and stakeholders, to deliver better outcomes for energy consumers.	<ul style="list-style-type: none"> • Clearly and consistently consider stakeholder feedback and demonstrate feedback has been considered. • Simplify and contextualise communication to broaden the audience. • Ensure our operating model and cost recovery mechanisms are appropriate.
Financial health	We strengthen AEMO’s financial health to effectively respond to and manage strategic and operational risks and deliver energy industry reforms.	<ul style="list-style-type: none"> • Implement and track fee outcomes that support the principle of full in-year cost recovery for FY23 and beyond, for all entities (excluding jurisdictional services). • Implement the fee pathway consulted on with participants to recover NEM Core accumulated deficit as of the end of FY22 by FY25 and commence a review of fee structures.

Engagement about AEMO’s budget and fees more broadly supports the remaining Corporate Plan priorities, which are covered in the budget.

3.2 Our engagement commitments

We have developed a set of commitments which we intend to meet as part of this engagement. These commitments reflect contemporary good practice engagement and are consistent with stakeholders’ feedback (e.g. through other consultations and our annual stakeholder engagement research).

- Be clear on how we intend to engage and the level of influence stakeholders can have (i.e. mapping engagement against the International Association of Public Participation (IAP2) spectrum).
- Genuinely consider stakeholder feedback and demonstrate how feedback has been considered.
- Be open and transparent.

¹ Refer to 4.1 Scope within this document

- Ensure information is provided in a clear, concise, and timely way.
- Understand and use stakeholders' preferred channels of engagement and communication.
- Respect the time and resource constraints of stakeholders when engaging.
- Seek to continually improve the stakeholder experience.

4 Approach

This section provides detail on what is in and out of scope for this engagement, our target level of engagement as mapped against the IAP2 Spectrum of Public Participation, key stakeholders that we have identified and what engagement and communication methods we will use.

4.1 Scope

This scope of our engagement with stakeholders **will** include:

- AEMO's proposed budget for FY24, with the exception of budgets set through other processes
- AEMO's proposed fees for FY24, with the exception of fees and charges set through other processes
- AEMO's approach to financial planning and governance.

The scope **will not** include:

- consultation on fee structures, which are regulated or which have been previously agreed with stakeholders
- consultation on fees, charges and budgets set through other processes, as outlined below:
 - the revenue requirement and fees for Victoria's Transmission Use of System (TUoS), which were published on 15 March 2023 and have been determined in accordance with [Chapter 6A of the National Electricity Rules](#) and AEMO's [Pricing Methodology for Prescribed Shared Transmission Services](#)
 - the revenue requirement for West Australia's Wholesale Electricity Market (WEM) and Gas Services Information (GSI) functions (which are determined by the Economic Regulation Authority)
 - AEMO Services Limited's (ASL's) independent board approves its funding arrangements and budget. ASL is a subsidiary of AEMO which carries out functions as appointed by National Electricity Market jurisdictions. ASL operates on a not-for-profit, full-cost recovery basis. It has specific funding arrangements to recover the cost of activities performed for NEM jurisdictions.
 - the revenue requirement for [National Transmission Planner \(NTP\)](#) function was determined and published on 15 February 2023, in line with section 2.11.3 of the National Electricity Rules.
 - AEMO has calculated its [participant fees](#) (also refer to NEM fees for Transmission Network Service Provider (TNSP) allocation) to be recovered from each specified TNSP then notified them of their charges on 15 February 2023, in line with section 11.153.2 of the National Electricity Rules.
 - Gas Supply Hub fees are determined outside of AEMO's budget and fee setting process, through a consultation process and are set within the [Gas Supply Hub exchange agreement](#).

4.2 IAP2 Spectrum

The IAP2 Spectrum of Public Participation is a globally recognised and accepted good practice approach to engagement. We have broadly outlined our application of the IAP2 Spectrum in Table 2 and indicated that we intend to engage primarily at the consult level of the Spectrum for this engagement.

Table 2 IAP2 Spectrum

	Inform	Consult	Involve	Collaborate	Empower
Engagement goal	Provide balanced and objective information to assist stakeholder understanding of the problem, alternatives, opportunities and solutions.	Obtain feedback on analysis, alternatives and/or decisions.	Work directly with stakeholders throughout the process to ensure concerns and aspirations are consistently understood and considered.	Partner with stakeholders in each aspect of the decision, including development of alternatives and the identification of the preferred solution.	The final decision is made by stakeholders.
Engagement promise	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how input influenced our decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how your input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Increasing level of stakeholder influence

4.3 Key stakeholder groups

We have identified the following key stakeholder groups for this engagement and mapped stakeholder organisations against each group. These groups are outlined in Table 3.

This list is indicative only and not intended to be exhaustive.

Table 3 Key stakeholder groups

Group	Key stakeholders
Financial Consultation Committee	<ul style="list-style-type: none"> Energy Consumers Australia Energy Australia Energy Queensland Hydro Tasmania NSW Department of Planning, Industry and Environment Pacific Hydro Synergy WA TransGrid Victorian Department of Energy, Environment and Climate Victorian Department of Environment, Land, Water and Planning
Governments	<ul style="list-style-type: none"> Commonwealth government Relevant state governments in the NEM (Qld, NSW, Vic, SA, Tas)
Market regulators	<ul style="list-style-type: none"> Australian Energy Regulator (AER) Essential Services Commission (Victoria)
Consumers and consumer advocates	<ul style="list-style-type: none"> Via the AEMO Consumer Forum
Industry	<ul style="list-style-type: none"> Generators Transmission Network Service Providers (TNSPs) Distribution Network Service Providers (DNSPs) Retailers

4.4 Engagement and communication methods

We have summarised the main engagement and communication methods to be used for this program in Table 5. Engagement and communication methods

Method	Intent	Indicative timing or frequency
Financial Consultation Committee meetings	<ul style="list-style-type: none"> Share AEMO's strategic priorities, programs of work and budgets. Seek feedback on AEMO's projected revenues, expenses and planned investments. Seek feedback on AEMO's budget and fees consultation process. Inform the FCC about the outcome of the budget consultation process and final FY24 Budget and Fees. 	November, March, April, June
Consumer forum meeting	<ul style="list-style-type: none"> Share AEMO's strategic priorities, programs of work and budgets. Seek AEMO's projected revenues, expenses and planned investments. Inform the Consumer Forum about the outcome of the budget consultation process and final FY24 Budget and Fees. 	April, June
Survey	<ul style="list-style-type: none"> Build a survey to allow stakeholders to easily respond to our consultation and seek feedback around specific areas. 	During consultation period
Public webinar	<ul style="list-style-type: none"> We will host a public forum in webinar to take people through the key elements of the Draft Budget and Fees and answer questions that may inform consultation feedback. 	During consultation period
Briefings / meetings with government and market bodies	<ul style="list-style-type: none"> We regularly meet with government and market bodies on a range of matters. We will use these channels to brief government and market bodies on the content of this consultation. If significant feedback arises, we will ensure government and market bodies are aware of feedback received from industry and consumer groups. 	As required, through usual regular meetings.

5 Evaluation

We have outlined a set of success measures and evaluation tools in Table 5. These measures are linked to the goal, objectives, and commitments for this engagement. We will measure success by:

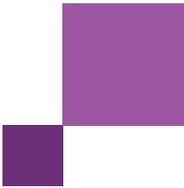
- engagement and responses from interested stakeholders
- feedback provided in stakeholder submissions
- a post-engagement evaluation exercise with key stakeholder working groups.

We will apply learnings and suggestions for improvement to future engagement activities.

Table 4 Success measures and evaluation tools

What we are measuring	Success measures	Measurement tools
Improved transparency	<ul style="list-style-type: none"> Majority (>60%) of interested stakeholders agree or strongly agree that the draft budget and fees document gave sufficient information 	<ul style="list-style-type: none"> Stakeholder feedback on the draft budget and fees. Post-engagement stakeholder survey.

What we are measuring	Success measures	Measurement tools
	<p>and context to enable accountability to market participants.</p>	
<p>Improved engagement from stakeholders</p>	<ul style="list-style-type: none"> • Active discussion of proposed budget and fees and consultation process in FCC meetings. • Majority (>60%) of interested stakeholders agree or strongly agree that AEMO's efforts to engage stakeholders in the budget and fees was an improvement on the previous year's engagement. 	<ul style="list-style-type: none"> • Engagement of FCC members in meetings. • Post-engagement stakeholder survey.
<p>Perceptions of financial health</p>	<ul style="list-style-type: none"> • Majority (>60%) of interested stakeholders agree or strongly agree that AEMO's overall financial performance has improved from the previous year. • Majority (>60%) of interested stakeholders agree or strongly agree that AEMO's overall financial management has improved from the previous year. • Majority (>50%) of interested stakeholders agree or strongly agree that AEMO is investing in the right things for Australia's energy future. • Majority (>50%) of interested stakeholders agree or strongly agree that AEMO is being cost effective/seeking to deliver value for market participants. 	<ul style="list-style-type: none"> • Stakeholder feedback on the draft budget and fees. • Post-engagement stakeholder survey.



6 High level engagement schedule

	Mar	Apr	May	June
Internal milestones	<ul style="list-style-type: none"> AEMO Board considers draft budget and fees 	<ul style="list-style-type: none"> Draft budget and fees document completed and published for consultation 	<ul style="list-style-type: none"> Consider stakeholder feedback and submit budget and fees to Board for approval 	<ul style="list-style-type: none"> Publish final budget and fees, feedback, AEMO responses and evaluation outcomes
Consultation milestones	<ul style="list-style-type: none"> Share our proposed budget and fees with regulators 	<ul style="list-style-type: none"> Consultation paper and survey published Submissions close 		<ul style="list-style-type: none"> Close the loop Publication of final budget and fees Publication of feedback received from consultation
Key engagement activities	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> FCC meeting Consumer Forum webinar Public webinar Electronic mail out 	<ul style="list-style-type: none"> FCC meeting Respond to consultation feedback 	<ul style="list-style-type: none"> FCC meeting Consumer Forum webinar Electronic mail out