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# Renewing AEMO's engagement model

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**July 2020**

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# 1. Proposal summary

AEMO hosts around 50 formal discussions, forums and working groups concerned with energy market operations, AEMO's planning and markets functions, and ensuring our energy systems remain secure in the future. While a very small number of these are compliance obligations, most have been established by AEMO and its predecessor organisations to work with or inform industry and consumers about our ongoing workstreams.

Key stakeholders include over 500 market participants in the National Electricity Market (NEM) and Western Australia Wholesale Electricity Market (WEM), south-east and west coast gas market participants, industry associations, governments, agencies, and consumer and community organisations with energy-related mandates.

As foreshadowed in our 2019-20 Corporate Plan, AEMO has reviewed engagement practices used by both AEMO and a range of comparable organisations. Part of this review involved collating and considering feedback from stakeholders. The review confirmed that many stakeholders find AEMO consultative and working groups to be at times inconsistent, fragmented, uncoordinated, and one-way in their communication.

**AEMO now seeks your feedback on the following potential reform alternatives, as we aim to deliver a more collaborative, transparent, and dynamic experience for our stakeholders as they engage with us. Our new model should also deliver a more streamlined formal stakeholder engagement and consultation process.**

Any new model is intended to deliver a material shift in both:

- The level of transparency market participants, consumers, and other stakeholders enjoy regarding AEMO's understanding of current and emerging challenges, and
- A more two-way, collaborative experience for stakeholders, in both defining problems and identifying solutions.

To help AEMO settle its new model, we are inviting stakeholder submissions on three alternative approaches. The following sections of this document set out the main features of three potential uplift options, and a process for stakeholders to review and select an option. The proposed options are:

- **Option 1 – uplift business as usual.**
  - Our existing forums continue to operate, but with some structural refinements to consolidate and retire some groups. Structural changes will improve the consistency and effectiveness of our engagement, with a shift towards greater prioritisation of two-way discussion and collaboration.
- **Option 2 – uplift and realign business as usual.**
  - This is option one, but with additional consolidation of the forum and working group structures under four core streams – operations, planning, markets, and Western Australia. They would become more collaborative and be time-bound based on the duration of workstreams. In addition, we will introduce quarterly members-only Information Updates .
- **Option 3 – uplift and realign, with co-chaired strategic oversight.**
  - Option three takes option two further. To increase transparency and strategic, two-way engagement, we would introduce a new Chief Executive Officer (CEO) Roundtable and four Executive Advisory Panels. The Executive Advisory Panels would cover the core streams of planning, operations, markets, and Western Australia (a Western Australian panel will be considered once the current Energy Transformation Taskforce program has been implemented). Panels would be co-chaired by AEMO and industry representatives. Forums sitting below the Executive Panels will be time-bound, based on subject matter. In addition, we will introduce quarterly Information Updates for members, and general updates for all stakeholders.

This proposal is part of AEMO’s commitment, set out in our corporate plan, to be more accessible, proactive, and inclusive in our stakeholder engagement. We look forward to working with you to develop a more effective model of engagement as we work together in the long-term interest of energy consumers.

We seek your help in refining and finalising the proposals by 28 August 2020, with specific questions for stakeholders, and propose implementing the new approach from 1 November 2020.

**Table 1**     **Timeline**

Date	Key milestones
July/August 2020	Stakeholder feedback sought and received
September 2020	Feedback provided on submissions received
October 2020	Approach finalised, and selection process to establish new committees if applicable
November 2020	New structure commences operation
June 2021	Review of structure and additional changes implemented if required

## 2. Background

When the NEM was established in 1998, there were only around 50 market participants across five States. Tasmania ran a separate system and Western Australia did not have a competitive market. With the exception of a few participants, the majority were focused on a single business mode of operation rather than being integrated across business modes (that is, either electricity or gas, wholesale or retail).

Forums and working groups were established to create this new market, and many participants were actively involved in designing elements of what became the NEM.

Over time, the electricity-gas and wholesale-retail distinctions have begun to blur, as new business models and new technical and economic challenges have arisen out of the rapid changes occurring in the Australian energy environment, the changing supply availability and mix of generation, increased sector coupling, and disruption as the energy transition has unfolded.

These developments create new imperatives for AEMO and our stakeholders to solve technical challenges that market and system operators in other jurisdictions are just beginning to see or, due to population density and enhanced interconnection, may never see.

There are currently 423 market participants in the NEM and 80 in Western Australia’s WEM. Many of these participants are now vertically integrated across electricity, gas, wholesale, and retail.

As part of our function as national market operator, AEMO has created and hosts numerous forums to both inform and learn from members across all sectors of the industry about:

- Issues that are critical to efficient market operations.
- The performance of AEMO’s functions.
- Delivery of a secure energy future in the long-term interests of consumers.

Our forums and working groups cover a range of topics and workstreams, including system design, distributed energy resources (DER) integration, wholesale and retail markets, operations, emergency management, and implementation of policy and regulatory reforms (see Attachment 1).

Of these, some are compliance obligations; however, most were established by AEMO and its predecessor organisations to work with or inform industry on our business operations, current workstreams, and consultations.

A recent survey of stakeholders showed that:

- Many stakeholders find the current operation of forums and working groups inconsistent, fragmented, and at times uncoordinated.
- Some forums have become a one-way information provision exercise, from AEMO to industry, without adequate opportunity for collaboration on problem definition and solution identification.

AEMO is committed to an uplift and shift of our engagement model to enable increased participation, collaboration, and co-operation. In turn, we hope this will improve our decision-making and, ultimately, the outcomes delivered for energy consumers.

We are determined to ensure that stakeholders can engage with AEMO's many workshops and forums in a way that is transparent (so stakeholders can understand what is happening across AEMO) and efficient (so their time is used effectively).

## 3. Structure and governance

In considering a new model for formal engagement, AEMO aims to:

- Improve transparency, consistency, and collaboration across our energy industry forums, and
- Work flexibly both on problem-solving and considering future issues as well as delivering to immediate functional concerns.

AEMO has developed the following three options for stakeholder feedback.

Under each of the three options, AEMO proposes refreshing Terms of References for each existing forum and asking stakeholder organisations to review and re-nominate their selected representative/s.

### 3.1 Option 1 – uplift business as usual

Under Option 1, AEMO would continue to run our working groups and forums largely in their current form.

In doing so, AEMO notes there is important work to be done in **uplifting consistency, transparency, and value** across the many committees and working groups. We would first work to ensure the current forums, working groups and committees (Attachment 1) are making efficient use of stakeholder time and resources, eliminating duplication and ensuring tight objectives.

AEMO has canvassed feedback from participants informally to date; as part of this process, we would seek structured participant feedback to determine the value of individual working groups.

### 3.2 Option 2 – uplift and realign business as usual

This option builds on option one, with the additional **alignment of the forums and working groups under four key streams** – operations, planning, markets, and Western Australia.

This alignment into streams could:

- Better reflect the current status of the market, where many participants are increasingly operating integrated businesses (across electricity, gas, wholesale, and retail).
- Enable a more coordinated and targeted approach. Greater focus would be put on using the working groups for collaborative and consultative purposes, and most would run for finite periods of time depending on the subject matter (see Section 3.2.1).

Information updates about AEMO workstreams would be provided separately, through quarterly **Stakeholder Information Updates for members and general updates for all stakeholders** – including market participants, consumer groups, government, researchers, and consultants.

### 3.2.1 Working group tiers

The industry is currently navigating a disruptive energy transition, with a large volume of system and market issues requiring problem-solving and resolution to achieve a better operating state.

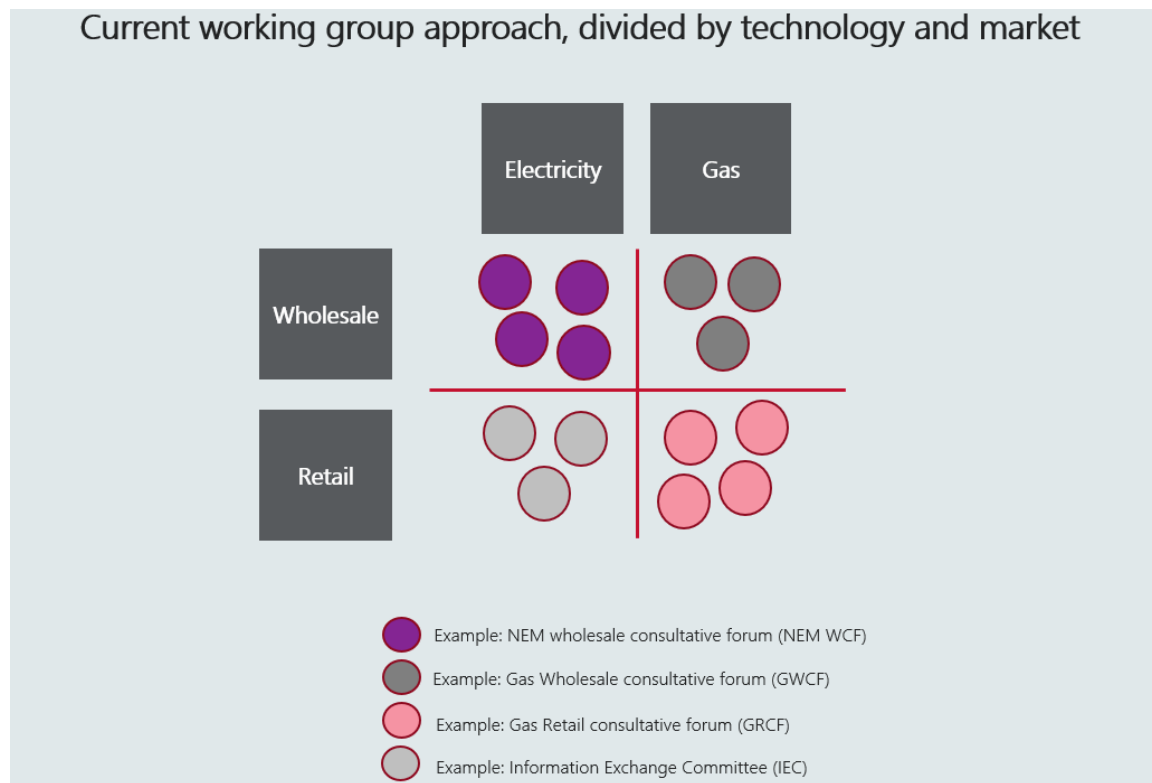
For this reason, as part of Option 2, we propose categorising working groups into three tiers:

- Strategic – designing the future market and system in collaboration with stakeholders; for example, strategic and forward-looking market design, the Integrated System Plan (ISP), and DER Integration.
- Transient – solving current or emerging issues arising as part of the energy transition (or to move to a better BAU state); for example, working groups to solve West Murray Zone connections issues or achieve and maintain enhanced Primary Frequency Control.
- Functional – initiatives and forums that AEMO runs for compliance purposes or to deliver its core responsibilities in system and market management; for example, AEMO's Forecasting Reference Group and Gas Wholesale Consultative Committee.

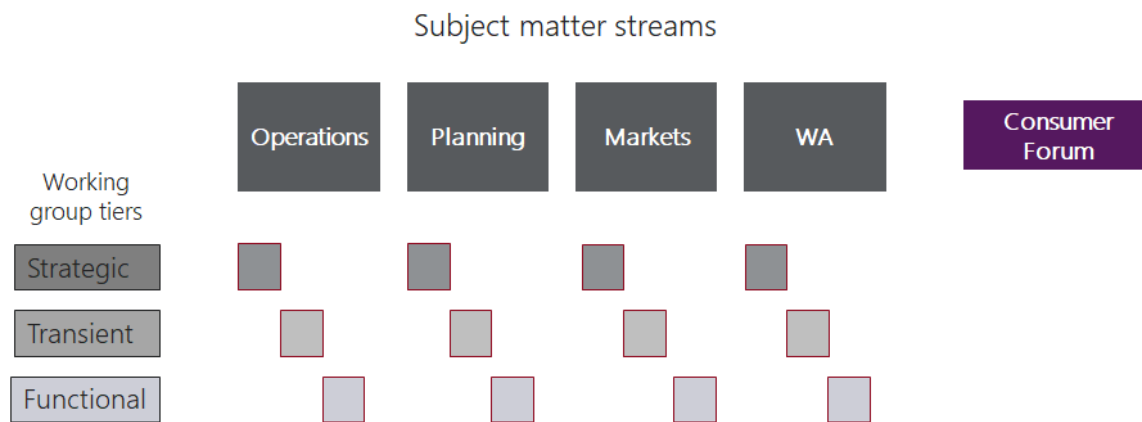
Consumers are an important stakeholder for AEMO, particularly in an environment of increasing complexity. Under this approach, AEMO would continue to run the existing **Consumer Forum** for energy consumer advocates.

Option 2 is illustrated in Figure 1 below.

Figure 1 Option 2 proposed structure – before and after



New, more integrated alignment of working groups and fora



Working groups and forums arranged by stream and tier

Adjustments being proposed

- Group existing forums into four integrated streams
- Align group objectives against the three tiers

### 3.3 Option 3 – uplift and realign, with co-chaired strategic oversight

This option would keep the high performing forums and working groups under the strategic, transient, and functional tiers, but would also introduce a new strategic layer – a CEO Roundtable and co-chaired Executive Advisory Panels would be established, with proposed membership terms of 18 months.

The overall structure would consist of three functional layers:

1. A strategic, co-chaired set of committees to consider high level market and system observations, develop a collective position on market issues and solutions, where appropriate, have visibility of working groups, and review other related developments.
2. A working-level set of groups doing time-bound project work or other functions.
3. An information provision layer, to ensure information is communicated to stakeholders in a clear, transparent fashion, including a quarterly Member Information Update and regular stakeholder updates.

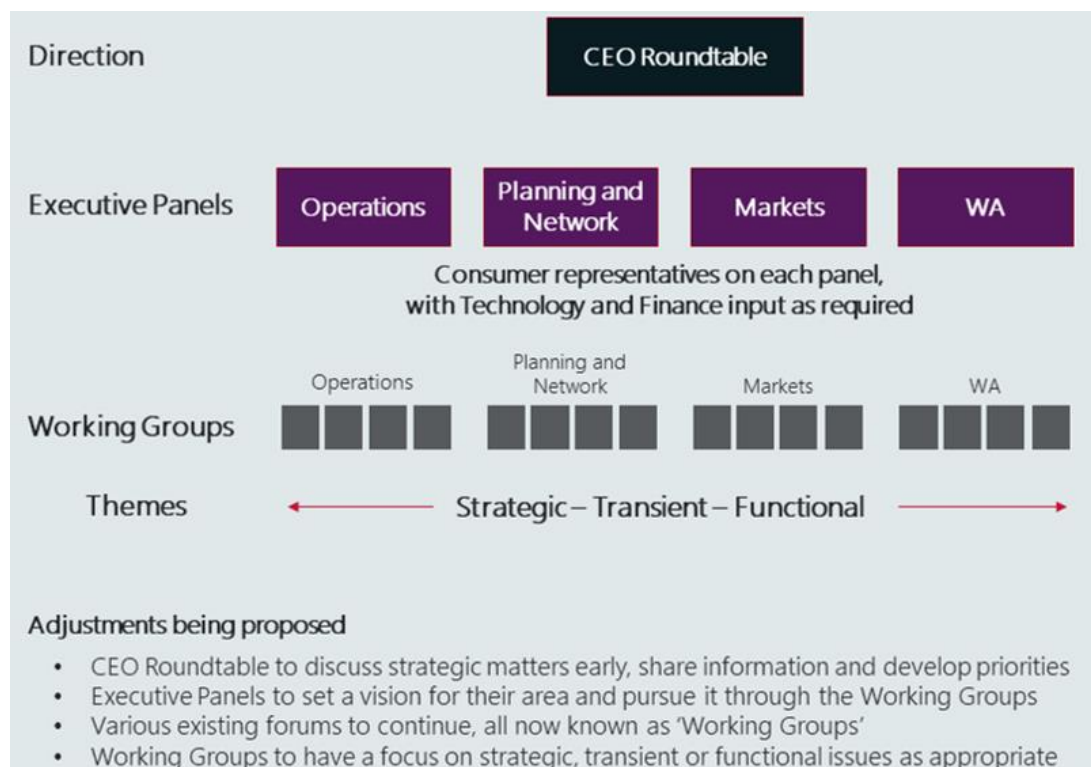
AEMO would run a selection process to establish the CEO Roundtable and Executive Advisory Panels, aiming to include a representative cross-section of leaders from our members and stakeholders. These bodies would be a place for strategic discussions, prioritisation, and collaboration, rather than decision-making forums. Each panel would include consumer representatives. Further detail on the selection criteria is in Section 3.3.1.

- The **CEO Roundtable** would enable industry and sector leaders to discuss high-level strategic AEMO and market matters early, share information, and align on priorities, perhaps once or twice each year.
- **Co-chaired Executive Advisory Panels** of industry leaders would discuss and consider strategic priorities and vision for the subject area, informed by insights from AEMO working groups and subject matter experts, as well as the CEO Roundtable.
- **Working groups** will be used to progress implementation and design options. They will continue to provide an avenue for industry, consumer representatives, and AEMO to collaborate on particular aspects of market operation or on specific technical questions and projects, and will operate for a defined period, whether they are strategic, transient, or functional.
- **Member and Stakeholder Information Updates** will be provided on a quarterly basis for members and also regularly for other interested stakeholders – including market participants, consumer groups, government, researchers, and consultants. The purpose will be to provide information only rather than consultative sessions.

Option 3 is illustrated in Figure 2 and Table 2 below.



**Figure 2 Option 3 proposed structure**



**Table 2 Option 3 in practice**

	CEO Roundtable	Executive Advisory Panels	Working groups	Information Updates
<b>Scope</b>	Highest level group	Four panels (Planning, Operations, Markets, WA)	As per their Terms of Reference or legal requirements	To provide quarterly updates
<b>Focus</b>	High level strategy and industry prioritisation	Market and system design, operational trends and challenges	Functional, transient, or strategic as appropriate	Information and business update only
<b>Membership</b>	AEMO CEO, CEOs of AEMO members/market participants	Approximately 12 thought leaders on each panel including market participants, investors and consumer reps.	Appropriate industry experts and consumer representatives	Open sessions for all stakeholders
<b>Chair</b>	Chaired by AEMO CEO	Co-chaired by AEMO Executive and an industry Executive	AEMO subject matter expert	Facilitated by AEMO
<b>Meetings per year</b>	1-2	3-4	As needed	3-4
<b>Meeting rules</b>	Terms of Reference to be decided	Open agenda and minutes	Agenda and minutes in accordance with Terms of Reference	Update presentation and question session

DER form a growing part of the generation fleet in both the NEM and Western Australia, and their integration is a key strategic priority. Rather than establish a standalone stream, AEMO proposes that a senior DER integration steering committee sits directly under the Markets Executive Panel.

There are numerous (and growing) specific technical forums on DER integration (including market trials, inverter standards, and cyber security standards). These would be worked through with industry and

consumers in the broader operational, market, and networks/planning context, but would all report into the centralised steering committee. The same principle would apply for strategic IT projects or working groups.

### 3.3.1 New strategic committee selection criteria

Membership of CEO Roundtable and Advisory Panels would be intended to achieve a cross-section of industry CEOs and senior industry executives covering generation, retail, electricity, gas, emerging technology businesses, and consumer representation. Membership is intended for representatives of businesses who have hands-on operational and delivery roles, such as trading roles. Since not all market participants are members of industry associations, AEMO would not accept nominations for employees of industry associations.

AEMO has developed the following proposed selection criteria, for stakeholder feedback:

- CEO Roundtable members would:
  - Be the most senior leader of their business in Australia, which may include CEOs or Managing Directors.
  - Commit to attending two meetings per year, with delegation either not available, or very limited.
  - Be generally located in Australia. Video conference or in person attendance at meetings will be considered in light of COVID-19.
  - Represent a business which is an energy market participant, or a consumer representative organisation.
- Executive Advisory Panel members would:
  - Be an Executive or senior leader of their business in Australia, generally reporting to the CEO or Managing Director.
  - Commit to attending four meetings per year, with delegation opportunities limited or only available when absolutely necessary.
  - Be generally located in Australia. Video conference or in person attendance at meetings will be considered.
  - Represent a business which is an energy market participant, or a consumer representative organisation.

The call for nominations, to be released early in Q3 2020, would specify the requirements for nominees.

### 3.3.2 New strategic committee membership selection options

AEMO has developed the following proposed selection options for stakeholder feedback:

- Selection option 1 – some AEMO-nominated seats and some annually elected seats.
  - Selection option 1 would involve AEMO nominating a certain number of representatives and experts based on their experience and insight, and for other seats to be elected to represent certain categories within industry (for example, networks or generators). Organisations may nominate representatives for both the CEO Roundtable and Advisory Panels through the same process.
  - As an illustrative example, if there are 12 seats, AEMO may select four representatives, with the remaining eight selected by election across each category within industry.
- Selection option 2 – election processes with seats allocated per industry category..
  - Selection option 2 would involve a set number of seats per industry category (for example, networks or generators), with an election among representatives from organisations from that industry category for a term of 18 months.

- As an illustrative example, there could be 12 seats in total, of which eight will be filled by market participants. Any registered market participant may nominate a representative for the Roundtable or Advisory Panel for a period of 18 months, and a nomination will include a statement of their objectives. Then market participants will be given the option to cast one vote for their preferred representative in an anonymous first-past-the-post system. The remaining four seats will be filled by a consumer representative and representatives from emerging technologies and/or investors.
- Selection option 3 – industry associations nominate members for election.
  - Selection option 3 would involve the Australian Energy Council, Clean Energy Council, and Energy Networks Australia running a transparent process among their members to each nominate two members to stand in AEMO’s election process. Organisations who are not members of industry associations would be able to nominate directly to AEMO.
  - AEMO would then run a full election process among our stakeholders to appoint 12 members to each panel, appointing a fair representation across industry categories – including, but not limited to, generators, electricity and gas retailers and networks, gas producers and shippers, investors, emerging technologies, and one consumer representative. AEMO would provide clear criteria to identify whether an organisation is eligible to vote, with one vote per organisation.
  - Organisations could nominate representatives for both the CEO Roundtable and Advisory Panels through the same process.

## 4. Working groups

Regardless of the selected structure of AEMO’s formal engagement architecture, AEMO will continue to engage with stakeholders through collaborative working groups. This section describes the principles by which these groups could run going forward.

Under options 2 and 3, as mentioned above, issues covered by the working groups would span three tiers: strategic, functional, and transitional. Agreed operating principles would ensure a balance of transparency and collaboration. Panels or other meetings required by current Rules will be retained.

### 4.1 Membership principles for working groups

AEMO’s many working groups exist to enable input from, and share information with, members, market participants, and other interested stakeholders such as governments, consumers, and investors.

They also exist to ensure external expert input to decision-making and design issues. Because working groups are often highly technical and expert in nature, new or existing groups will need the right membership.

Working groups that already exist will review their membership to ensure key participants in the appropriate subject area are represented, and that the individuals are:

- The right representatives of that organisation.
- Committed to sharing information within their organisation.
- Bringing broad input to the forum.

## 4.2 Operating principles for working groups

Working groups across AEMO provide expert input on a wide variety of subjects. Minutes and actions can be published for less sensitive subject matter, while some groups, such as the cyber security working group, may need to make decisions in a more confidential capacity, and other groups deal with sensitive commercial information.

The publication of minutes and actions will be decided group by group and noted in Terms of Reference.

# 5. Engaging on a renewed model

AEMO is seeking views during July and August 2020 from our members, energy industry participants, and regulatory, community, and consumer stakeholders on a revised forum structure. Consultation will be sought in existing AEMO working groups and forums, through AEMO's website and external communications, and in collaboration with peak industry associations.

The primary objective of this review is to ensure that our panels and working groups can effectively enable stakeholders and AEMO to engage on existing work streams and better solve both current and emerging market and system issues.

AEMO intends for forums to become best practice examples of collaborative problem-solving, by asking the right questions based on the best available information, involving the right stakeholders at the right level, and progressing implementation transparently.

## 5.1 Timeline for consultation and change

For more information and to provide feedback, email [stakeholderrelations@aemo.com.au](mailto:stakeholderrelations@aemo.com.au)

**Table 3** Timeline

Date	Key milestones
July/August 2020	Stakeholder feedback sought and received
September 2020	Feedback provided on submissions received
October 2020	Approach finalised, and selection process to establish new committees if applicable
November 2020	New structure commences operation
June 2021	Review of structure and additional changes implemented if required

## 5.2 External stakeholder consultation

AEMO's Stakeholder Relations team will lead key external stakeholders through this plan in targeted meetings, and through associations including the Australian Energy Council, the Clean Energy Council, the Energy Networks Australia, the Energy Users Association of Australia, and Energy Consumers Australia.

Verbal feedback will be documented in those meetings, while written feedback will also be requested by 28 August 2020.

All stakeholder submissions and AEMO's consideration of them will be published unless stakeholders request a submission remain confidential.

## 5.3 Questions for stakeholders

AEMO would appreciate any constructive feedback you may have.

Some specific questions are:

- What groups do you already participate in?
- Which forums and working groups does your company find useful?
- How do you decide which forums your company will attend?
- What do you value about them to continue to support them?
- What could be improved from that experience?
- What is your overall experience of these groups?
- Should our improvement focus be on greater transparency, flexibility, consistency, problem-solving collaboration, future issues, or anything else?
- What are your impressions of the new models?
- Is there a clearer line of sight on important issues from the CEO Roundtable through the panels and the working groups?
- Is there sufficient connection between AEMO, industry, and consumer group executives?
- Do you have any feedback on three options for selecting the strategic level panels, under Option 3?
- Will these models ensure issues are brought forward for stakeholder collaboration and prioritisation early in the process?
- Is there flexibility to cover immediate or deeper issues, over short or long timeframes?
- Will the inter-related tiers of "strategic, transient, and functional" underpin current best-practice operations as well as analysis of future needs?
- If consumer voices are integrated into each strategic work stream, is there still value in a stand-alone consumer panel?
- Are there any gaps in our proposed new approach?
- Do you see any opportunities for integration of existing AEMO forums?

# Attachment 1: Current list of forums and working groups

Below is the current list of AEMO forums and working groups. Some of these have been operating for several years, while others have been established more recently to facilitate engagement on specific projects or short-term issues. As part of our stakeholder consultation, we would be interested in understanding which of these you attend and find value in. We would also welcome constructive feedback on any of the following to support continuous improvement.

- 5-Minute Settlement working groups
- Advanced System Integration Group (ASIG)
- Ancillary Services Technical Advisory Group
- aseXML Standards Working Group (ASWG)
- Business to Business Working Group (B2B-WG)
- Consumer Data Platform
- Consumer Forum
- Control Room Operations Working Group (CROWG)
- Cyber Security Readiness working groups – crosses into Operations and Planning and Networks
- DER working groups
- DNSP Connections Forum
- Electricity Retail Consultative Forum (ERCF)
- Executive Joint Planning Committee (EJPC)
- Forecasting Reference Group
- Gas Emergency Management Consultative Forum (GEMCF)
- Gas Retail Consultative Forum (GRCF)
- Gas Supply Hub Reference Group
- Gas Wholesale Consultative Forum (GWCF)
- Grid Control System Consultative Forum (GCSCF)
- Information Exchange Committee (IEC)
- Integrated System Plan (ISP)
- Intermittent Generator Forum
- IT Development Forum (ITDF)
- Marginal Loss Factors (MLF)
- Market Systems User Group (MSUG)
- National Electricity Market Operations Committee (NEMOC)
- National Gas Emergency Response Advisory Group (NGERAC)

- NEM Connections Reference Group
- NEM Emergency Management Forum (NEMEMF)
- NEM WA Electricity Consultative Forum (WAECECF)
- NEM Wholesale Consultative Forum (NEMCF)
- Operational Transportation Service Code Panel (OTS)
- Operations Planning Working Group (OPWG)
- Operations Training Working Group (OTWG)
- Plant Modelling Reference Group
- Power System Modelling Reference Group (PSMWG)
- Power System Security Working Group (PSSWG)
- Primary Frequency Response (PFR)
- Renewable Energy Zones (REZ)
- Renewable Integration Study (RIS)
- Scheduling Error Working group (SEWG)
- Service Management Forum (SMF)
- Settlement Residue Committee
- Settlements Managers Working Group
- Short Term PASA Replacement
- Victorian Electricity Emergency Committee (VEEC)
- WA AEMO Procedure Change Working Group (APCWG)
- WA Electricity Consultative Forum (WAECECF)
- WA Gas Consultative Forum (WAGCF)
- WA Government Energy Transformation Strategy working groups
- WEM Rule Change Working Group
- West Murray System Strength Management
- Western Victorian Regulatory Investment Test for Transmission (RIT-T)