



Renewing AEMO's Engagement Model – Response Paper

November 2020

Executive summary

Background

AEMO hosts around 50 formal discussions, forums and working groups concerned with energy market operations, AEMO's planning and markets functions, and ensuring energy systems remain secure in the future. While a small number of these are compliance obligations, most have been established by AEMO and its predecessor organisations to work with or inform industry and consumer representatives 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 indicated in our 2019-20 Corporate Plan, we have reviewed engagement practices used by both AEMO and a range of comparable organisations. Part of this review involved seeking and considering feedback from stakeholders. The review confirmed that many stakeholders find AEMO consultative forums and working groups to be at times inconsistent, fragmented, uncoordinated, and one-way in their communication.

In parallel, AEMO has a FY20-21 Corporate Plan priority to enhance transparency to stakeholders through a series of initiatives. This includes the new State of the System regular update, aimed at increasing transparency to stakeholders and helping support market awareness of emerging issues in the system. AEMO is also continuing a staged company-wide capability uplift of our engagement as a priority this financial year.

Options Paper

In July 2020, AEMO published an Options Paper for consultation, called Renewing AEMO's Engagement Model. The Options Paper proposed some suggested alternatives for improving the current operation and structure of forums and working groups. Each option was intended to deliver a material shift in both:

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

The canvassed options were:

- Option 1 – uplift business as usual.
- Option 2 – uplift and realign business as usual with a new Stakeholder Information update for enhanced transparency.
- Option 3 – uplift and realign, with a CEO Roundtable and Executive Advisory Panel in the area of Markets, to join the already existing Planning and Operations Executive Forums.

The Options Paper also invited suggestions for additional improved models, over and above the three models above.

Stakeholder feedback from Options Paper

There was broad support from respondents for the forums and working groups overall, citing they are necessary for information-sharing, progressing implementation and design options, and ensuring that AEMO's thinking is tested with stakeholders and refined before implementation.

However, the feedback confirmed that the forums and working groups can be uncoordinated, inconsistent, one-way and not facilitating robust and meaningful discussion between industry and AEMO. The submissions covered several recurrent themes, which are addressed in this Response Paper.

Recommended option

To meet the objective of delivering a more collaborative, transparent and dynamic experience for stakeholders as they engage with AEMO, and in response to stakeholder submissions and feedback, AEMO proposes implementing Option 1 with some limited changes to the existing forum structure.

AEMO proposes introducing a new Stakeholder Forum for market participants and selected consumer representatives, with budget and fees and information sub-committees, and rebranding two existing forums: the National Electricity Market Wholesale Consultative Forum and Joint Executive Planning Committee.

In addition, AEMO will undertake a process to review, consolidate and potentially retire some of the many existing working groups, while refreshing their Terms of Reference (ToR).

Best practice engagement: areas for improvement

As important as the structure of forums is the way in which AEMO engages with our stakeholders. As discussed further in this Response Paper, key areas for improvement arising from the submissions and relating to our forums are:

- More coordinated and enhanced visibility of groups, including a clear map of all groups that exist and the clear purpose and objective of each.
- An uplift of meeting approach and consistency of engagement methods across groups.
- Sharing emerging issues earlier, before deciding on solutions.
- More two-way collaborative discussion and consultation.
- More regular reviews or surveys of groups, to gain stakeholder feedback and ensure continuous improvement.

Next steps

AEMO is inviting additional feedback **by 5.00 pm on 15 January 2021** on the proposed new forum and working group model and improvement actions discussed in this Response Paper.

Please send feedback to stakeholderrelations@aemo.com.au or contact the team at this address if you would like clarification on any aspect of the proposed model.

At the same time, AEMO will commence planning the activities required to meet the actions discussed in this Response Paper for meetings best practice. AEMO will implement the new model in Q1 2021.

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1. Stakeholder consultation process

In July 2020, AEMO published an Options Paper for consultation, called Renewing AEMO's Engagement Model. The Options Paper proposed some suggested alternatives for improving the current operation and structure of forums and working groups. These options were:

- Option 1 – uplift business as usual.
- Option 2 – uplift and realign business as usual with a new Stakeholder Information update for enhanced transparency.
- Option 3 – uplift and realign, with a CEO Roundtable and Executive Advisory Panels in the area of Markets, alongside the already existing Planning and Operations Executive Forums.

The Options Paper also invited suggestions for additional improved models, over and above the three suggested options.

Submissions were requested by 28 August 2020, a six-week consultation period.

AEMO received 31 submissions, all of which are published on AEMO's website¹.

AEMO has considered stakeholder feedback in proposing a way forward, outlined in this Response Paper.

2. Stakeholder feedback

Stakeholder feedback in submissions and meetings indicates that AEMO forums and working groups are considered valuable as a means of sharing information, progressing implementation and design options, and ensuring that AEMO's thinking is tested with stakeholders.

A majority of submissions supported Option 1 (essentially retaining business as usual with some process improvements), with Option 3 (the biggest change) the preferred option for the second largest number of respondents. A number of submissions considered a forum on energy markets to be outside AEMO's existing remit.

Key themes among the feedback included:

- A number of stakeholders objected to a CEO Roundtable, considering it to be more appropriately held by the Australian Energy Market Commission (AEMC) or Energy Security Board (ESB) and noting the time pressures faced by many CEOs.
- There was limited support for executive-level forums unless delegates could be sent.
- The option of selective membership of executive committees was seen by some as incongruous with enhanced transparency.
- Industry associations expressed a preference for a role in selection processes if selective membership is progressed.

¹ At <https://aemo.com.au/consultations/current-and-closed-consultations/renewing-aemos-engagement-model>.

- If AEMO were to implement a CEO Roundtable or executive-level panels, industry associations also felt they would have a valuable role to play in representing their members.
- There was limited interest in co-chairing committees with AEMO, with some participants citing competition law concerns.
- There was mixed support for grouping AEMO's engagement into four streams – Markets, Operations, System and Planning, WA – with concerns primarily focused on administrative complexity and fears AEMO may exceed its statutory remit.

While there was positive reinforcement of the role of forums and working groups, many stakeholder submissions emphasised that many forums would be significantly more valuable with a range of improvements. These included:

- Longer notice periods for meetings, with papers circulated with enough time to enable attendees to prepare to have meaningful, informed discussions at meetings.
- Being clear about the purpose of AEMO presentations and discussions – for example, whether they are to inform, consult or collaborate. Stakeholders would value knowing this ahead of time, and some stakeholders expressed an interest in more two-way discussion.
- Greater consistency around meetings, including timing of papers, invitations, and other processes.
- A greater focus on clear communication of technical concepts in a way that is appropriate for the audience.
- Sharing emerging issues earlier and being clearer about the path to solutions.
- Transparency about what is covered for open forums, with information shared on the AEMO website.
- Implementing a mechanism for continuous improvement by way of regular reviews or surveys to benchmark and track stakeholder feelings toward the groups they attend and to ensure the groups continue to be useful and move with the fast-paced industry they support.

In addition to these key areas for improvement, there was broad support for several forums that currently work well, and the suggestion that these groups be used as a benchmark for other groups to bring them to a higher, more consistent standard. The Forecasting Reference Group, Gas Retail Consultative Forum and Gas Wholesale Consultative Forum were the most frequently mentioned groups that undertake good engagement practices and meet stakeholder expectations.

Similarly, the Consumer Forum was consistently mentioned as a group that should continue to operate in its current form. Consumer representations noted the benefit of having active consumer representation and consumer views contributing to AEMO's workstreams and consultations.

The NEM Wholesale Consultative Forum was another group stakeholders would like to see retained – however, with an update to ensure it remains collaborative and meaningful.

AEMO heard specific feedback in respect of our budget consultation that the time provided in recent years has been inadequate. In response, AEMO proposes starting engagement on a draft budget in February 2021.

AEMO is proposing to establish a budget committee including appropriately qualified member nominees, under the Stakeholder Forum, to lead early engagement on AEMO's annual budget and support fee review processes. This committee would present its views to the AEMO Board as part of the budget process.

In recent months, AEMO has begun making some of the above improvements. These include enhanced transparency of information about working groups and forums, including a centralised calendar on our website, tags for signing up to forums and updating some of the forum webpages. We are also implementing a mechanism for continuous improvement, by way of regular reviews or surveys to benchmark and track stakeholder feedback.

3. Proposed structure: AEMO forums and working groups

To meet the objective of delivering a more collaborative, transparent and dynamic experience for stakeholders as they engage with AEMO, and in response to stakeholder submissions and feedback, AEMO proposes implementing Option 1, with the following additional changes to the existing forum structure.

3.1 Introduce a new AEMO Stakeholder Forum

An 'AEMO Stakeholder Forum' will be a broad and open new forum for representatives of all registered market participants and select consumer organisations. The purpose of such a group would be to share high-level information transparently about our key workstreams and insights, including the Quarterly Energy Dynamics.

This Forum would include the stakeholder information update mentioned in Options 2 and 3 in the Options Paper, which received positive feedback. The Forum would meet three times a year and representatives would be nominated by their organisations. AEMO has taken on board the limited support for new Executive Advisory Panels with selective representation – as such, all market participant organisations would be invited to nominate a representative, who would not be required to be at the executive level within their organisation.

The new forum would also focus on key priorities on which AEMO would like to consult with participants, with two new sub committees:

- Subject to the outcomes of AEMO's governance review, a proposed budget and fees sub-committee for early consultation on AEMO's budget and fees.
- A CIO Advisory Group for AEMO/industry discussions about technology matters.

AEMO proposes seeking support from industry associations in selecting the budget and fees sub-committee, on which AEMO will consult between March and May each financial year. This is in response to feedback to bring forward the consultation.

3.2 Adjust two existing forums

NEM Wholesale Consultative Forum

AEMO proposes adjusting and reinvigorating the NEM Wholesale Consultative Forum, to become the 'AEMO Markets Forum'. The new forum will cover both electricity and gas, and will collaboratively discuss market matters that sit within AEMO's remit as Market Operator. This includes a focus on the reforms AEMO is implementing at any given time, which stem from Energy Ministers, the Australian Government or Australian Energy Market Commission (AEMC). It will particularly focus on facilitating an industry discussion on implementation prioritisation and technology costs associated with implementation. This would be in partnership with the AEMC and a continuation of the regulatory implementation roadmap consultation, which AEMO ran earlier in 2020 with the AEMC and Australian Energy Regulator (AER).

Currently, these key reforms include 5-Minute Settlement, Wholesale Demand Response and the Consumer Data Right. In future, these reforms would likely include NEM 2025 implementation.

This forum will be for nominated representatives from market participant organisations and industry association representatives. In response to feedback, AEMO will not require participants to be at the executive level within their organisations.

Joint Executive Planning Committee

AEMO also proposes rebranding the existing Joint Executive Planning Committee as the 'AEMO System & Planning Forum', which has specific joint planning functions outlined in the National Electricity Rules.

The System and Planning forum would maintain its focused membership and continue to operate with existing members.

3.3 Maintain Consumer Forum

Option 3 recommended retiring the current Consumer Forum and instead integrating selected consumer representatives into industry Executive Advisory Panels. Following positive feedback about the Consumer Forum from consumer representatives and a preference to maintain it in its current form, AEMO will retain it.

3.4 Review all other groups for efficiencies where applicable

AEMO will undertake a review of all groups to consider potential efficiencies by amalgamating or retiring any groups in consultation with stakeholders. Otherwise, the existing groups will largely be maintained. All groups will review and refresh their ToR to ensure their purpose is clear and up-to-date, and AEMO will develop a ToR for groups that do not have one. Participant organisations, at the same time, will be asked to re-nominate their representatives for some of the forums.

Figure 1 below outlines the proposed structure.

Figure 1 Proposed forum and working group model



4. Additional practice and process improvements

As important as the structure of forums is the way in which AEMO engages with our stakeholders. While stakeholders provided positive feedback about some forums, it is important we engage at a high and consistent standard across all forums. Based on stakeholder feedback, AEMO has identified five key areas for improvement detailed below, and a list of actions we plan to undertake to realise these improvements.

4.1 Coordination of groups

Many respondents attend multiple forums and working groups; however, at times they find it challenging to understand the full breadth of groups currently running. It can be difficult for stakeholders to feel confident that their organisation has the opportunity to provide their input to market aspects that may affect them.

While AEMO's website lists multiple pages of groups alphabetically, the need to scroll through and click into each page, and the subsequent ToR documents, means it is not a user-friendly experience for new or established stakeholders trying to find information on what groups are running and what may be appropriate for them to attend.

Stakeholders also identified the need to better coordinate meetings with the ESB, AEMC or AER to minimise schedule clashes affecting common attendees.

4.2 Uplifting meeting approach and consistency

Inconsistent meeting practices were described as the greatest issue with existing forum and working group meetings. While some groups do have a detailed ToR that stipulates the meeting purpose and processes, some groups do not have a ToR at all, and as such there are no clear agreed objectives or expected outcomes or accountability for the groups.

Feedback indicated that some AEMO Chairs could better facilitate meetings to manage time and scope, as well as being more proactive in mediating differing views to ensure projects stay on track and draw input from all present stakeholders who wish to contribute.

4.3 More two-way collaborative discussion and consultation

Several stakeholders expressed that not all groups are currently providing a platform for stakeholders to work with AEMO collaboratively, and input from stakeholders is not always considered. Moving from informing stakeholders to taking input and reporting back to the group once all feedback has been considered, will establish better transparency and collaboration.

4.4 Sharing emerging issues earlier, before deciding on solutions

There is a shared view among several stakeholders that AEMO needs to work to bring problems to the broader industry earlier, rather than investing a lot of time internally before presenting pre-determined solutions. Bringing problems to the table early is the only meaningful way to ensure stakeholders can contribute to the solution, rather than being able only to respond.

Forums and working groups are the ideal vehicles for sharing problems as they arise, and the cultural change required to ensure this happens is an ongoing and important challenge for AEMO. An increased focus on

information provision will be a small part of enabling the change, and collaboration on solutions will be the most important part.

4.5 Regular reviews or surveys of groups

AEMO has been encouraged to set out a transparent benchmarking process from which progress and stakeholder satisfaction can be measured and reported, to ensure the new level of transparency and engagement is aligned with stakeholder expectations. Multiple submissions suggested seeking feedback on each forum and working group’s value and operations through an annual survey of meeting attendees. To increase stakeholder confidence, survey results could be published together with AEMO’s response to the survey results.

4.6 Best practice engagement: five-point action plan

The following table shows a summary of the actions proposed for addressing the above five key issues.

Table 1 Five-point action plan

Issue	Action	Outcome
1. Coordinated oversight of groups	Map all existing forums into a clear structure to provide clarity on what currently exists, including each group’s role, participation requirements, frequency of meetings and tenure of existing and future working groups. Maintain this map once developed.	<ul style="list-style-type: none"> Improved stakeholder understanding of the groups AEMO runs. Greater stakeholder insight into expectations about the benefits of participating in working groups and the intended goals and outcomes of each group. New and existing stakeholders directed to groups that may be of interest or appropriate.
	Improve the information available on the forums and working groups, along with the consultations they are running/planning.	<ul style="list-style-type: none"> Relevant information is available and shared with interested parties (on the website and other) to identify matters of interest and due dates for submissions. Information is available and easy to find. For open forums, this information should be transparent.
2. Uplifting meeting standards and consistency	Enhance consistency across AEMO in the management of forums and working groups. This includes reviewing ToR, consistent standards for scheduling meetings ahead of time, agendas, papers, minutes, timelines for circulating papers before and after meetings and regular communications.	<ul style="list-style-type: none"> Increased consistency in meeting practices across all groups. Stakeholders will have adequate time to consider papers and topics and, where company positions are requested, have ample time to come to meetings prepared to have informed conversations. All groups will be expected to work in line with the agreed best practice guidelines.
	Formal training for meeting Chairs and/or presenters where necessary.	<ul style="list-style-type: none"> AEMO will train meeting Chairs and regular presenters. Chairs will be equipped to facilitate more consultative, collaborative meetings, making the most of stakeholders’ time.
3. Two-way collaborative discussion and consultation	Communicate reasoning behind decisions, including where there are changes to positions formulated through working groups, advise members of the change in direction and the reasons for that change in a timely manner.	<ul style="list-style-type: none"> Meeting attendees will be able to see and understand how decisions affecting their organisation were made, and what happened to the input they provided. AEMO will be acting in a transparent and open manner in support of its forum and working group members.

Issue	Action	Outcome
	Publish information about how decisions and positions are formulated, possibly including data and assumptions if appropriate.	<ul style="list-style-type: none"> Meeting attendees will have visibility of how AEMO's positions were formulated. When AEMO provides visibility, confidential matters will be taken into account (for example, a market participant's plant information) and parties will be advised.
	Become more open to considering stakeholder input.	<ul style="list-style-type: none"> AEMO will be acting in a collaborative manner by committing to considering the input stakeholders have taken the time to provide.
	Provide regular information updates on consultations and reforms and meetings.	<ul style="list-style-type: none"> Stakeholders will receive relevant timely information on upcoming meetings, consultations and reforms through our communications.
	Improve consultation pages on AEMO's website.	<ul style="list-style-type: none"> Clearer and more consistent consultation pages.
4. Sharing emerging issues earlier, before deciding on solutions	Commitment to explicitly sharing emerging issues where they arise.	<ul style="list-style-type: none"> AEMO sharing information about the system and association market impacts early and transparently.
5. Regular reviews or surveys of groups	Undertake a survey of meeting attendees at the commencement of implementation of the new model.	<ul style="list-style-type: none"> The current feelings of meeting attendees will be benchmarked and used as a starting point for future surveys.
	Undertake a further survey to gauge the level of improvement and stakeholder sentiment six months after implementing the new model.	<ul style="list-style-type: none"> AEMO and stakeholders will understand whether the new model and engagement practices have improved stakeholder engagement and satisfaction and achieved greater meeting results. Additional improvements or changes can be identified if required.
	An annual review of the forum and working group structure, including a survey of meeting attendees, and review of each groups ToR.	<ul style="list-style-type: none"> Additional improvements can be identified as part of the review, in line with survey results each year, to ensure the groups and structure remain fit for purpose.

5. Next steps and feedback

AEMO would like to thank all stakeholders that submitted to this consultation, by way of formal submission or attendance at a meeting and providing verbal feedback. AEMO is inviting additional informal feedback and suggestions on the actions discussed in this Response Paper and the proposed new forum and working group engagement model. **Any feedback is requested by 15 January 2021 via email to StakeholderRelations@aemo.com.au.**

All information on this consultation, along with each written submission, is available on AEMO's website².

² At <https://www.aemo.com.au/consultations/current-and-closed-consultations/renewing-aemos-engagement-model>.

Attachment 1: Submissions

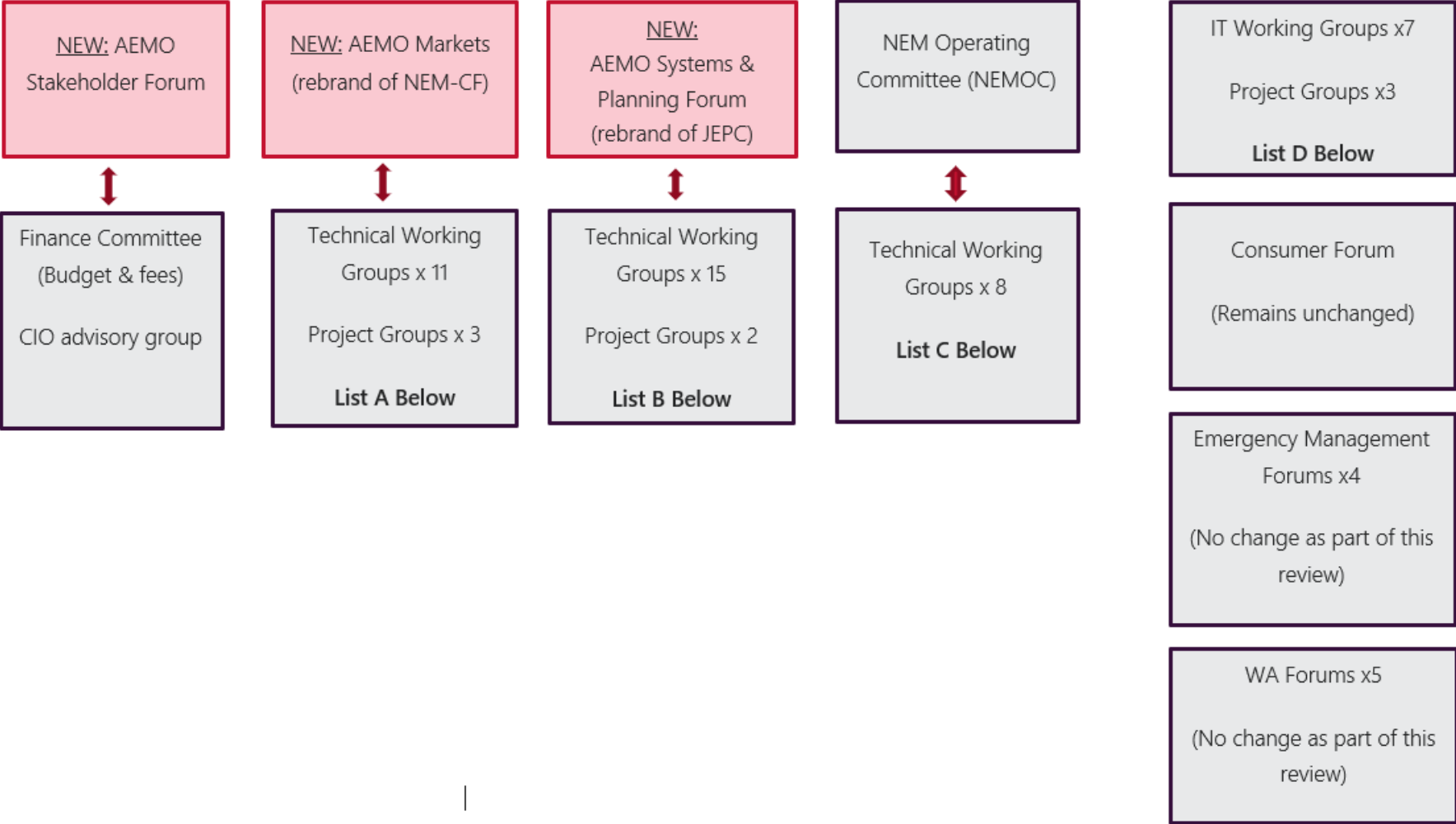
AEMO received submissions to the Options Paper from the following organisations.

Company	Company
AGL	Essential Energy
Alinta Energy	Major Energy Users Association
APLNG	Metering Dynamics
ARENA	Origin
Ausgrid	PIAC
Australian Energy Council	PLUS ES
CitiPower, Powercor and United Energy	Powerlink QLD
Clean Energy Council	QLD Electricity Users Network
CS Energy	Red/Lumo
Enel Green Power	Reposit Power
Energy & Water Ombudsman of SA	Shell Energy
Energy Matrix	Sligar and Associates
Energy Networks Australia	Stanwell
Energy QLD	Tilt Renewables
Energy Users Association of Australia	Water Services Association of Australia
EnergyAustralia	

Stakeholders were invited to meet with AEMO to discuss the Options Paper. AEMO met with:

- AGL
- St Vincent de Paul
- APLNG
- Origin
- Australian Energy Council
- Energy Users Association of Australia
- Energy Australia
- Alinta Energy.

Attachment 2: Proposed forum and working group model



Attachment 3: AEMO's existing forums and working groups

List A – Markets Groups	List B – Systems Groups	List C – Operations Groups	List D – IT Groups
Information Exchange Committee (IEC)	Joint Executive Planning Committee	Plant Modelling Reference Group (PMRG)	Energy Market IT Steering Committee
Business to Business Working Group (B2B-WG)	Advanced System Integration Group (ASIG)	Power System Modelling Reference Group (PSMWG)	IT Development Forum (ITDF)
Gas Wholesale Consultative Forum (GWCF)	Forecasting Reference Group (FRG)	Operations Planning Working Group (OPWG)	aseXML Standards Working Group
Gas Supply Hub Reference Group (GSHRG)	Integrated System Plan (ISP) (as required)	Power System Security Working Group (PSSWG)	Cyber Security Industry Working Group
Gas Retail Consultative Forum (GRCF)	ISP Consumer Panel	Control Room Operations Working Group (CROWG)	Generator Cyber Working Group
Electricity Retail Consultative Forum (ERCF)	DNISP Connections Forum	Operations Training Working Group (OTWG)	Transmission & Distribution Cyber Working Group
Operational Transportation Service Code Panel (OTS)	NEM Connections Reference Group	Intermittent Generator Forum	Readiness & Resilience Working Group (cyber security)
Settlements Managers Working Group	Planning Reference Group	Ancillary Services Technical Advisory Group (ASTAG)	IT Project Working Groups: DER API Technical Working Group DER Australian Cyber Security Working Group DER Resources Forum (cyber security)
Settlement Residue Committee	Transmission Networks Connections Forum		
Scheduling Error Working group (SEWG)	NSP Forum		
Market Systems User Group (MSUG)	NEM Connections GM Forum		
Project Working Groups: 5 Minute Settlement x5	NEM Connections Reference Group		
Wholesale Demand Response (WDR)	DNISP Meetings		
Consumer Data Right (as required)	Inter-region Planning Meetings		
	WM NSP meeting		
	Project Working Groups: DER WG's x8 Western RIT-T Forum		

Attachment 4: Proposed budget and finance committee

Key elements will include:

- Chaired by AEMO CFO.
- Up to six members.
- Appointed on merit.
- Members must have financial responsibility in a relevant organisation.
- Early insight into AEMO cost drivers, budget and corporate plan priorities.
- Opportunity to present to AEMO board prior to annual budget finalisation.