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Australian Energy Market Operator  
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### **Reviewing AEMO's Engagement Model**

Essential Energy welcomes the opportunity to provide a submission in response to the Consultation Paper *Renewing AEMO's Engagement Model* (the consultation paper). Energy Networks Australia has also made a submission, which Essential Energy supports.

As the operator of East Coast energy markets with multiple planning functions, AEMO plays a vital role in managing an essential service which is also of significant economic value. As an industry member of AEMO, Essential Energy is an active stakeholder and participant in AEMO's various engagement functions and as such, we agree it is important to review these arrangements periodically to confirm they are delivering outcomes that meet expectations.

Whilst AEMO's technical knowledge is highly regarded and well respected, at times AEMO's engagement functions are inconsistent with limited opportunity for stakeholders to meaningfully participate in defining problems and identifying solutions. To that end, we endorse the view that engagement with AEMO should provide representation and flexibility in developing two-way, collaborative approaches that support efficient market operations.

Essential Energy sees value in AEMO performing an uplift of existing working groups to increase consistency in governance, transparency and adding value for all stakeholders. This implies Essential Energy's support for model one with some select elements from model two. However, we would caution against the creation of potentially complex multi-layered working group structures and we do not support the creation of a CEO Round Table which sets strategic direction, or the Executive advisory panels as outlined in models three.

Essential Energy also encourages AEMO to set out a transparent benchmarking process from which progress and stakeholder satisfaction can be measured and reported, inclusive of revisiting the proposed implementation timeframes to allow sufficient time for meaningful consideration of stakeholder feedback and suggestions.

These points are outlined in further detail below. If you have any questions in relation to this submission, please contact Anders Sangkuhl, Regulatory Strategy Manager via [anders.sangkuhl@essentialenergy.com.au](mailto:anders.sangkuhl@essentialenergy.com.au) or via phone 0409 968 326.

Yours sincerely,

A handwritten signature in black ink that reads "Chantelle Bramley". The signature is written in a cursive, flowing style.

Chantelle Bramley  
**General Manager, Strategy, Regulation and Corporate Affairs**

## Essential Energy submission to Reviewing AEMO’s Engagement Model

### General Comments and Concerns

AEMO’s role is central to the effectiveness of the national energy market and the planning functions associated with providing secure and cost-effective energy. It is therefore appropriate that AEMO review its engagement methodology and confirm that it continues to meet stakeholder requirements and confidence.

Through Essential Energy’s historic and active participation within various AEMO working groups we can offer the following observations:

- Whilst several of AEMO’s well established and ongoing forums operate to a high and consistent standard, other forums can be inconsistent, fragmented and at times uncoordinated. This is especially true of rapidly established project working groups for stand-alone issues.
- Whilst AEMO’s technical knowledge is highly regarded and well respected, at times when differing points of view are presented, AEMO is not always forthcoming or transparent regarding how such information is utilised in decision making processes. In the same respect, information requests from participants to AEMO can often be overlooked. This can lead to perceptions that AEMO is at times unaccountable or unresponsive, particularly where delegated responsibility for functional operational outcomes are concerned.
- Several forums at times appear to be one-way information provision exercises, with limited opportunity for participants to actively contribute to the setting of agendas or assisting in defining scopes of work.
- Whilst AEMO entirely draws upon industry market fees to manage its operations, at times AEMO appears to progress initiatives which are not industry imperatives and may be out of scope of AEMO’s core function as the technical market operator.
- Information provision and finding the correct team or relevant subject matter expert within AEMO is often based on key personal relationships. Participants without such contacts can often find themselves being passed through AEMO’s various teams. Whilst AEMO’s revamped stakeholder engagement team has recently made positive inroads in facilitating more efficient contact management, it is still often unclear who is the key point of contact and where communications should be initiated.
- During execution of its functions, at times AEMO issues substantial and time-consuming data and information requests to participants with little pre-warning and often tight deadlines. A failure to engage with participants prior to these requests being made risks poor data quality outcomes for all stakeholders.

The concerns outlined above should not be perceived as explicit criticisms of AEMO per se, rather a reflection of the difficult position AEMO finds itself in as the operator of a market under transition. Nonetheless, an organisation of the size and scope of AEMO warrants comprehensive appraisal in how it discharges its engagement functions.

### Proposed Models

As outlined in the consultation paper, Essential Energy sees value in AEMO performing a general uplift of existing working groups to increase consistency, transparency, and general value for stakeholders. Eliminating duplicative or no longer fit for purpose groups is another objective which is well supported.

Broadly speaking, this implies support for model one, the commitment to improved transparency and collaboration across industry forums, as well as some elements of model two, such as the stakeholder quarterly information updates for members.

In regard to the structure and alignment of working groups, Essential Energy cautions against the creation of complex multi-layered governance structures. Essential Energy does not believe fundamental changes are required to alter existing groups, rather a greater level of industry oversight of AEMO priorities and meaningful industry input in the setting of those priorities is required. This insight would assist all stakeholders in clarifying the NEM’s existing market priorities and ensuring working group accountabilities and objectives are clear from inception.

In practise, this means that effective industry engagement should be determined by the issue at hand with the frequency of engagements driven by appropriate milestones across different processes. Having infrequent meeting standing groups may not be required if AEMO and industry priorities are set and agreed, and communications are transparent in calling for time bound representation and meaningful input on select issues. For example, the Australian Energy Market Commission’s and Energy Security Board’s various technical working groups are largely effective models from which AEMO’s working groups could be based.

Essential Energy does not support the creation of a CEO Round Table which sets strategic direction, or Executive advisory panels as outlined in models three. One of the benefits of AEMO’s existing working groups is that participants can openly discuss to a high level of technical detail amongst a like-minded peer group. It would be detrimental if this open candour were lost amongst stakeholders because of complex governance structures and reporting to multiple executive panels.

It is also unclear how communication across proposed multi layered working groups, forums, executive / CEO panels would work in practise, including ensuring industry input is provided and incorporated into agenda setting. In any case, the creation of such panels implies a level of management for AEMO on policy and market design issues which would be contrary to AEMO’s existing role within the NEM’s broader governance compositions.

## Defined Assessment Framework

At present, the consultation paper provides little indication of how the uplifted engagement models could be practically applied by AEMO or linked to a benchmark from which progress can be measured. As such, Essential Energy encourages construction of a suitable road map or charter which can determine practical outcomes to which AEMO’s engagements can be held accountable.

By way of example, Essential Energy understands the International Association for Public Participation (IAP2) is one such framework which seeks to set stakeholder engagement alignment with recognised assurance standards. Similar frameworks would assist both AEMO and stakeholders in clarifying governance arrangements, engagement processes and to clearly demonstrate how stakeholder input has been incorporated into decision making.

## General Timing Considerations

Essential Energy notes the proposal to incorporate stakeholder feedback, finalise the engagement model consultation process, select new committees (if applicable) and commence operation of the new engagement structure by November 2020. Essential Energy has concerns regarding these proposed timeframes.

Essential Energy has recent experience in uplifting our own consumer engagement and advocacy platforms and can attest to the length of time required for such reforms to bring about meaningful cultural change as taking years as opposed to months. Failure to provide adequate time for proposed changes may undermine the goals of reforms and lead to adverse outcomes, especially when implementing changes just before peak summer months.

Essential Energy recommends that AEMO revisit the proposed timeframes to ensure industry has sufficient time to understand the implications of the proposed changes and for AEMO to consider stakeholder feedback and suggestions.