



OFFICE OF THE CHIEF EXECUTIVE

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AEMO Stakeholder Relations

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Dear Stakeholder Relations Team

### **Renewing AEMO's Engagement Model – Options Paper**

Powerlink appreciates the opportunity to provide input to the Australian Energy Market Operator's (AEMO's) consultation on renewing its engagement model. AEMO aims to deliver a more collaborative, transparent and dynamic experience for its stakeholders and has made a commitment in its Corporate Plan to be more accessible, proactive and inclusive in its engagement.

As a Transmission Network Service Provider (TNSP), we engage and interact with AEMO on a range of energy market operation and planning function matters through a number of different avenues. In this submission we:

- encourage AEMO to establish a Stakeholder Engagement Framework that clearly sets out the objectives of its engagement;
- acknowledge that AEMO has improved its engagement between the 2018 and 2020 ISPs, but could improve transparency, particularly around the robustness of its analysis and efficiency of the costs; and
- provide input on AEMO's proposed engagement options.

### **Engagement Framework**

We consider that it would be useful for all its stakeholders if AEMO established a Stakeholder Engagement Framework to clearly set out the objectives of its engagement to help guide its interactions with stakeholders. Such a framework should set out the purpose of, philosophy behind and, principles upon which AEMO intends to base its engagement going forward. We recognise that while such a framework may be useful in setting the strategy for engagement, success often requires cultural change and ongoing consistency in how this is demonstrated in everything that an organisation does, at every level.

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While Powerlink has always engaged with its customers and stakeholders, it made a step change in its engagement in 2015. In doing so, we had regard to the International Association for Public Participation IAP2 Spectrum, which defines the public's role in any public participation process in terms of the increasing impact on the decision – ranging from inform to consult, involve, collaborate and empower. We would encourage AEMO to use this tool to assist in its engagement uplift and to help AEMO target the level of engagement it is trying to achieve on various consultations.

To support this framework we would also encourage AEMO to conduct a robust Stakeholder Perception Survey on a regular basis to gain insights, views and feedback from its stakeholders on its overall performance, including whether it has achieved the objectives of its engagement.

### **Integrated System Plan**

The concept of an Integrated System Plan (ISP) was borne out of Finkel's Energy Blueprint (2017) to enable enhanced system planning and facilitate efficient development and connection in the NEM, while ensuring the system remains secure, reliable and affordable.

Development of the Integrated System Plan to where it is today has involved a significant level of engagement from many stakeholders over several years including networks, generators, consumers, other stakeholders as well as AEMO. We recognise that AEMO has made improvements to its engagement between preparation of the 2018 ISP, Draft 2020 ISP and Final 2020 ISP. For example, AEMO appears to have started the process largely from the perspective of informing stakeholders of its approach, analysis and conclusions with an expectation that stakeholders (especially consumers) would simply accept its outcomes. Following significant feedback from a broad range of stakeholders to the contrary, AEMO sought to consult and involve stakeholders more on aspects of the ISP's development.

For future ISPs, we encourage AEMO to involve and collaborate further with transmission network service providers (TNSPs) on planning inputs, assumptions and analysis prior to finalisation, and to source transmission project cost estimates from TNSPs themselves. In addition, we propose that AEMO give further consideration to the issues raised by consumers and seek to better accommodate these going forward.

As we see it, the success or otherwise of the ISP to the market as a whole depends on the confidence that stakeholders place on the information contained in the plan. This, in turn, is closely related to the governance arrangements (including checks and balances) put in place by the Energy Security Board and AEMO in particular to demonstrate that the process for developing the plan is robust, transparent and enabled by meaningful and effective stakeholder engagement. This is particularly important given the significant level of potential investment flagged in the ISP.

### **AEMO Proposed Options**

AEMO has invited feedback on three alternative approaches to the way it engages. These include:

- Option 1 – uplift to business as usual;
- Option 2 – uplift and realign business as usual. A key addition here would be consolidation of the forum and working group structures under four core streams, namely, operations, planning, markets and Western Australia; and
- Option 3 – uplift and realign with co-chaired strategic oversight. This would include a new Chief Executive Officer Roundtable and four co-chaired Executive Advisory Panels, the latter to cover the core streams identified under Option 2.

We support the intent of the proposed CEO Roundtable and Executive Advisory Panels outlined in Option 3, which we understand is to increase transparency and strategic, two-way engagement. While greater collaboration is desirable, it would be useful to better understand the costs to establish and administer the proposed forums as well as the expected benefits from these arrangements to help ensure there is net benefit for industry and consumers.

In terms of existing AEMO working groups, we consider the following help to provide early insights, explanation of assumptions, issues and results and should continue in some format: the Executive Joint Planning Committee; Operational Planning Working Group; Power System Security Working Group; Forecasting Reference Group; ISP (Market Modelling Reference Group); Power System Modelling Reference Group; and Renewable Integration Study. We also recommend that AEMO consider ramping down the frequency of National Gas Emergency Response Advisory Committee (NGERAC)/National Electricity Market Emergency Management Forum (NEMEMF) weekly summer meetings in instances where there is no perceived risk to the supply-demand balance.

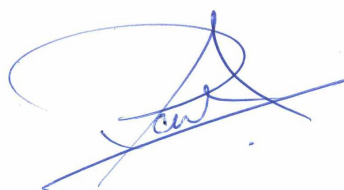
Greater value could potentially be gained from these working groups if they ensure two-way, transparent sharing of challenges and emerging industry issues. It is also important that AEMO openly share the limitations of its analysis and modelling during its development, rather than in the form of final 'polished' study outcomes. While the ISP now incorporates the first step of the Regulatory Investment Test for Transmission, there remains a need to stress test inputs and assumptions in the same way a TNSP would be required to undertake.

The addition of new, smaller groups for individual stakeholder segments may also help to ensure that all voices are heard and that information is targeted and pitched at the appropriate level for participants. It is equally important that stakeholders who participate in these groups and forums come prepared and provide informed and substantiated input.

Overall, there is a need for all working groups to operate more effectively to ensure that appropriate input is provided, that individual stakeholders do not dominate discussions and that objectives are met.

If you have any questions in relation to this submission, please contact Jennifer Harris on (07) 3860-2667 or [jharris@powerlink.com.au](mailto:jharris@powerlink.com.au).

Yours sincerely,



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**Chief Executive Officer**