

NEM2025 Reform Delivery Committee Collaborative Workshop

Workshop #1
8 February 2023



1. Welcome

We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture.

We pay respect to their Elders past, present and emerging.

Agenda

#	Time	Topic	Presenter(s)
1	9:00 – 9:05am	Welcome	Peter Carruthers
2	9:05 – 9:10am	RDC Workshop Objectives <ul style="list-style-type: none"> • Workshop Objectives • Change management process 	Peter Carruthers
3	9:10 – 9:30am	NEM Reform Implementation Roadmap – Update	Lance Brooks Dominic Mendonca
4	9:30 – 9:45am	Change Register	Lance Brooks
5	9:45 – 10:30am	Material Changes - Change Management & Impact Assessment	Lance Brooks
6	10:30 – 10:50am	Open Discussion: <ul style="list-style-type: none"> • 2025 Delivery Year • Opportunities to bundle, sequence and prioritise 	All
7	10:50 – 10:55am	Next Steps <ul style="list-style-type: none"> • RDC meeting moved to 30 March 	Peter Carruthers
8	10:55 – 11am	General Questions and Other Business	Peter Carruthers

Appendix A: Competition law meeting protocol

"Please note that this meeting will be recorded by AEMO and may be accessed and used by AEMO for the purpose of compiling minutes. By attending the meeting, you consent to AEMO recording the meeting and using the record for this purpose. No other recording of the meeting is permitted"

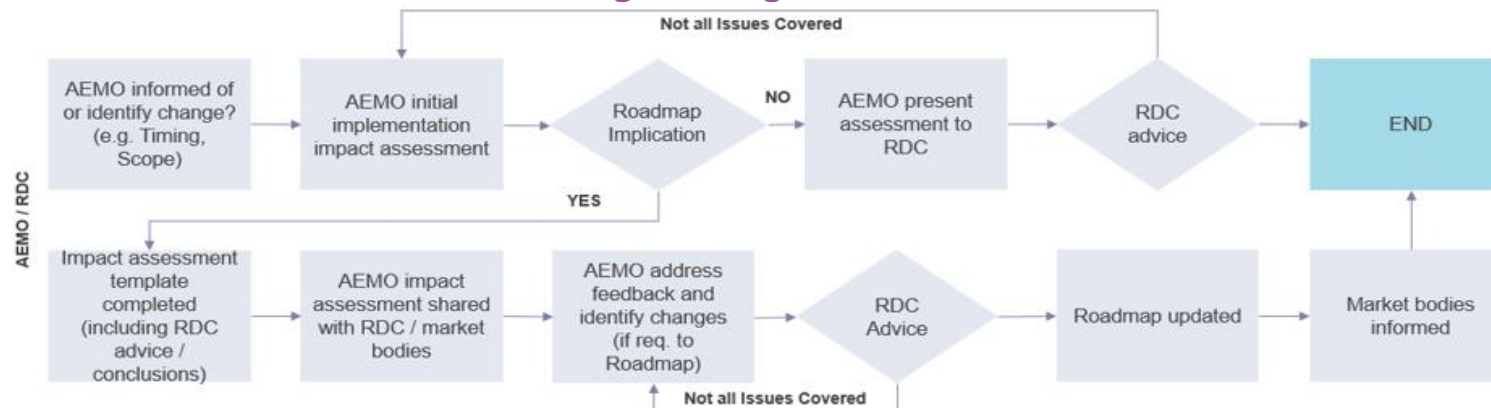
2. RDC Collaborative Workshop Objectives

Objectives – Workshop & Change management process

Workshop Objectives

- Identify and inform Committee Members of incremental and material changes across the Roadmap in accordance with the Change Management Process
- Determine initial impacts for AEMO, Participants and Consumers resulting from the changes
- Identify key issues for further impact assessment, including opportunities for bundling, sequencing and prioritisation
- Capture Committee Members initial feedback on the draft Roadmap

Change Management Process



CHANGE MANAGEMENT AND IMPACT ASSESSMENT

DATE:	
NEM2025 INITIATIVE:	
SUBJECT:	
COMPLETED BY:	

This Change Management and Impact Assessment provides a means for identification and documentation of potential implementation impacts associated with changes to key reform initiatives captured as part of the NEM2025 Reform Program and documented in the Regulatory & NEM2025 Implementation Roadmap

IMPACT ASSESSMENT

Question / Assessment	Response / Description
What is the nature of the change?	
When is the change to come into effect?	
What are the impacts to AEMO?	
What are the impacts to Participants?	
What are the impacts to Consumers?	
RDC Advice & Conclusions	
AEMC Advice & Conclusions	
AER Advice & Conclusions	

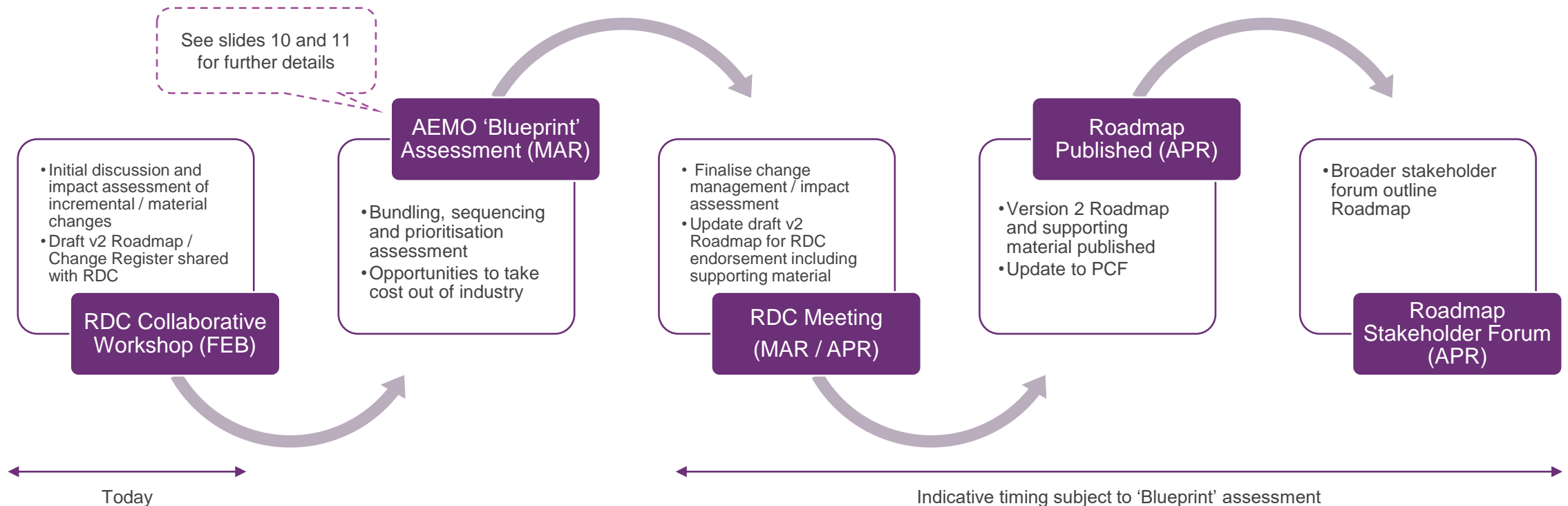
RECOMMENDATIONS

CHANGE REQUIRED TO ROADMAP	YES <input type="checkbox"/>	NO <input type="checkbox"/>
CHANGE TO BE MADE		
IMPLICATION OF CHANGE		
APPROVED BY		
DATE		

3. NEM Reform Implementation Roadmap – Update

Keeping the NEM Reform Implementation Roadmap up to date

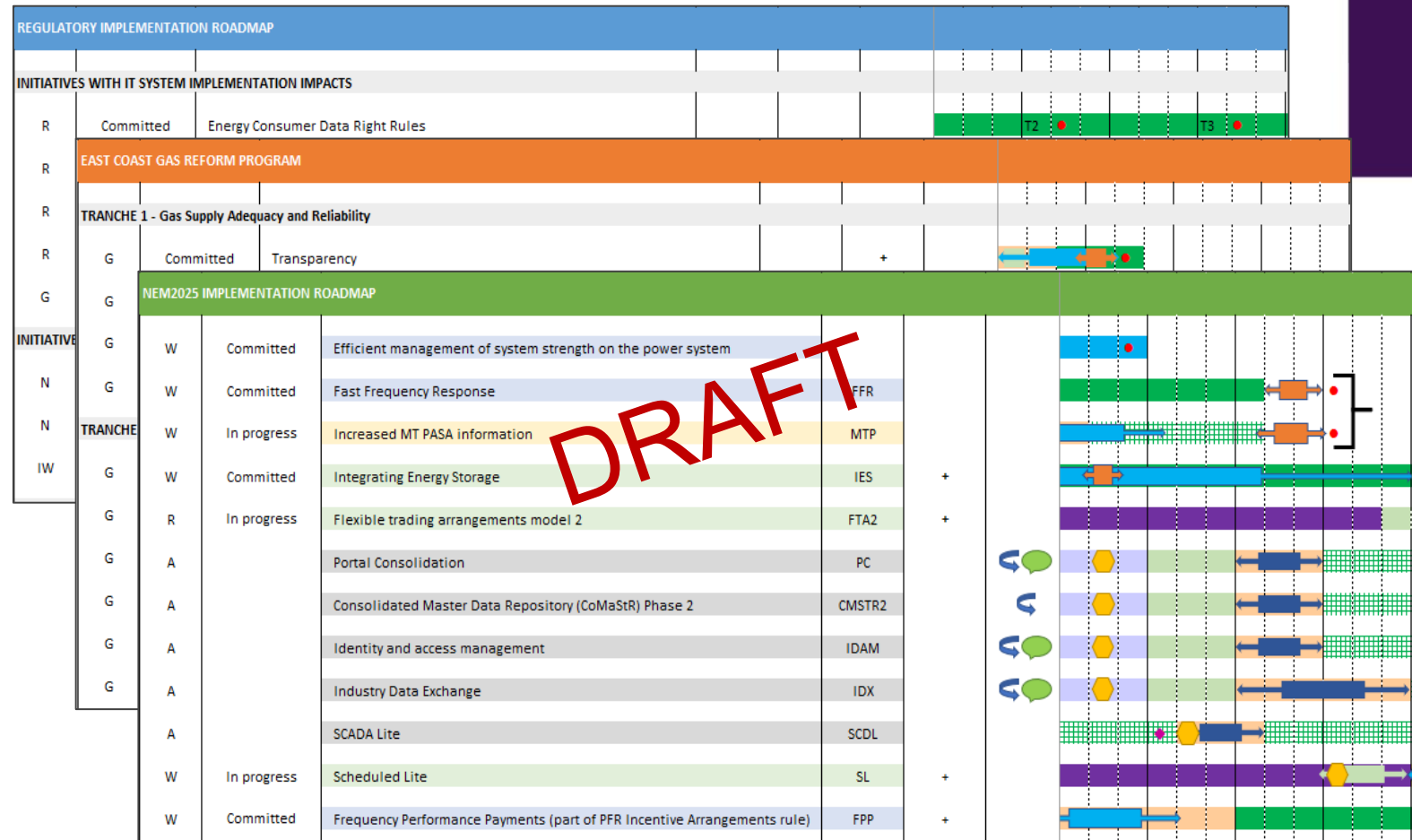
- Today's session represents the first step in the process of updating the Roadmap capturing both incremental or material changes across initiatives in accordance with the Change Management Process established for the NEM2025 Program



Early draft of the NEM Reform Implementation Roadmap v2 developed

- Various incremental / material changes made to initiatives under the NEM2025 program as per 'Change Register' (see section 2)
- General restructure of initiatives within the Roadmap consistent with committed or estimated go-live dates
- Various changes made to non-NEM2025 rule based initiatives including removing those initiatives that were implemented over the course of 2022
- New East Coast Gas Reform Roadmap included reflecting the significant body of reforms recently announced by Energy Ministers

Revised v2 draft to be developed post Accenture 'Blueprint' assessment (see next slide)



‘Blueprint’ assessment – What is it?

Questions and Issues it addresses...

- What are the process, people, data and technology impacts of each of the NEM2025* initiatives?
- What are the expected industry impacts of each?
- How can we bundle initiatives into Releases to address the fragmentation of delivery, simplify environment requirements and mitigate industry impacts?
- How can work effort be “levelled out” to avoid peaking of effort
- What are the dependencies between initiatives (mostly technology, data)?
- What are the decisions (and activities required to inform those decisions) that need to be made to achieve this?

What the blueprint can be used for...

- Informing AEMC submissions or discussions on proposed timings and industry impacts
- Informing industry consultation on industry impacts
- Informing industry consultation on implementation timeframes
- Planning and management of AEMO teams (e.g. stand up Project X in Feasibility, delay Project Y to next year, etc)

4. Change Register

The following changes have been identified as of February 2023

INCREMENTAL CHANGES

(and action proposed)

- **Fast Frequency Response** (remove 'Frequency Control' from name) subsequent initiation)
- **Frequency Performance Payments** (committed go-live)
- **Integrating Energy Storage Systems** (rule change requests submitted clarifying implementation requirements – no action at this time)
- **Dispatch / Bids & Offers / Constraints Target State** (include key development checkpoints)
- **FRC Target State** (reflect internal AEMO scoping processes and
- **ST PASA Replacement** (committed go-live, include additional procedure/guideline consultation)
- **IDAM / IDX / PC** (update to reflect AEMO workplan including provision for planning activities, process and use case development, gap analysis, ongoing industry consultations, target state development)

MATERIAL CHANGES

(see section 3)

- **Operational Security Mechanism**
- **Flexible Trading Arrangements (Model 2)**
- **Scheduled Lite**
- **Capacity Mechanism**
- **Congestion Management Mechanism**
- **DER Initiatives**
- **Data Strategy Initiatives**

5. Material Changes – Change Management and Impact Assessment

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Operational Security Mechanism
SUBJECT:	Change in timeline greater than 2 months

Challenges such as a shorter implementation window are key factors to be considered as part of an informed go-live discussion

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> In December 2022 the AEMC extended the rules consultation phase to July 2023 (Previously Q3 2022 under v1)
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately (AEMC published their indicative schedule in relation to the rule change)
What are the impacts to AEMO?	<ul style="list-style-type: none"> Provides sufficient time to prototype potential solutions and to feed outcomes into rule change process Shorter timeline for implementation post final determination with no change in estimated effective date may create additional delivery challenges and risks (potentially contributing to a congested 2025 delivery year) – but subject to scope of FD and review of timeline sequencing Previously communicated opportunities to bundle implementation with Scheduled Lite now unlikely
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

AEMO will seek input from Committee members through the informed Go-Live date process

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Flexible Trading Arrangements Model 2
SUBJECT:	Change in timeline greater than 2 months

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> AEMC commenced its rule change consultation process in December 2022 (previously Q2 2022 under v1) This will likely result in a change to implementation date of approximately 12 months, pushing go-live into 2025
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately (AEMC published their indicative schedule in relation to the rule change)
What are the impacts to AEMO?	<ul style="list-style-type: none"> This contributes to a potentially congested 2025 delivery year placing increased pressure on AEMO resources in delivery – subject of FD (if made) and review of timeline sequencing Previously communicated opportunities to bundle implementation with IESS no longer possible
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Scheduled Lite
SUBJECT:	Change in timeline greater than 2 months

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> In January 2023 AEMO submitted its Scheduled Lite rule change request to the AEMC. Previously this was anticipated to occur in September 2022. At this time, the rule change consultation process has not commenced Retaining the current assumed implementation timetable will result in a change of approximately 6 months (minimum) with 'Visibility' go-live Q2 2025, and 'Dispatchability' go-live Q1 2026
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately – the rules change process has not commenced as previously indicated under v1 of the Roadmap
What are the impacts to AEMO?	<ul style="list-style-type: none"> This contributes to a potentially congested 2025 delivery year placing increased pressure on AEMO resources in delivery – subject of FD (if made) and review of timeline sequencing Previously communicated opportunities to bundle implementation with OSM now unlikely
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Capacity Mechanism
SUBJECT:	Change in timeline greater than 2 months

Subject to final design of the CIS and its impact on AEMO and Participants systems, processes and people, it may be warranted to change the way this initiative is represented on the Roadmap

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> In December 2022, Energy Ministers announced a Capacity Investment Scheme (CIS) to be implemented in late 2023. The CIS will provide for a national underwriting framework to drive investment in new renewable dispatchable capacity. Further policy development and design work to be completed during the first half of 2023 with the goal to hold a first auction in late 2023.
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately, CIS announced December 2022
What are the impacts to AEMO?	<ul style="list-style-type: none"> No direct implementation impact at this time as a) final policy / design are still to be finalised and b) indicative implementation has not previously been reflected in the roadmap As an underwriting mechanism it is anticipated the impact on AEMO will be significantly reduced relative to prior designs under consideration by the ESB (e.g. central capacity mechanism) and reflected in the Roadmap.
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Congestion Management Mechanism
SUBJECT:	Change in timeline greater than 2 months

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> As of February 2023, the ESB is working to develop the detailed design of the Congestion Management Mechanism in light of stakeholder feedback and is targeting mid-2023 for completion of this work (extension of minimum 6 months relative to v1 of the Roadmap)
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately, policy development and design phase is yet to be finalised and consultation remains open
What are the impacts to AEMO?	<ul style="list-style-type: none"> No direct implementation impact at this time as a) final policy / design are still to be finalised and b) indicative implementation has not previously been reflected in the roadmap AEMO note subject to final policy / design outcomes there may be impacts to be considered in conjunction with other in-flight initiatives at the time. For example, where a phased implementation was proposed (e.g., targeting enhanced information as a phase 1, prior to other aspects of the preferred mechanism being in place) Depending on policy outcomes, may contribute to a congested 2025 delivery year.
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Various DER Initiatives
SUBJECT:	Change in timeline greater than 2 months, Scope reduction

AEMO 'Blueprint' to focus in part on DER initiatives

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> Various DER initiatives remain in the policy development and design phase. This is consistent with understanding of ESB forward work plan out to June 2023 Turn-up services is not widely considered as part of the ESB forward plan or industry trials at this time and may warrant removal from the Roadmap
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately – policy development and design phase remains ongoing
What are the impacts to AEMO?	<ul style="list-style-type: none"> No direct implementation impact at this time as a) final policy / design are still to be finalised and b) indicative implementation has not previously been reflected in the roadmap AEMO will continue to work with various stakeholders (including market bodies and jurisdictions) in development of DER initiatives and trials
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

Change Management & Impact Assessment

DATE:	01 February 2023
NEM2025 INITIATIVE:	Data Strategy Initiatives
SUBJECT:	Change in timeline greater than 2 months

IMPACT ASSESSMENT

QUESTION / ASSESSMENT	RESPONSE / DESCRIPTION
What is the nature of the change?	<ul style="list-style-type: none"> Various Data Strategy initiatives remain in the policy development and design phase. This is consistent with understanding of ESB forward work plan out to June 2023
When is the change to come into effect?	<ul style="list-style-type: none"> Immediately – policy development and design phase remains ongoing
What are the impacts to AEMO?	<ul style="list-style-type: none"> No direct implementation impact at this time as a) final policy / design are still to be finalised and b) indicative implementation has not previously been reflected in the roadmap AEMO will continue to work with various stakeholders (including market bodies and jurisdictions) in development of Data Strategy initiatives
What are the impacts to Participants?	<ul style="list-style-type: none"> TBC
What are the impacts to Consumers?	<ul style="list-style-type: none"> TBC
RDC Advice & Conclusions	<ul style="list-style-type: none"> TBC
AEMC Advice & Conclusions	<ul style="list-style-type: none"> TBC

Proposed recommendations

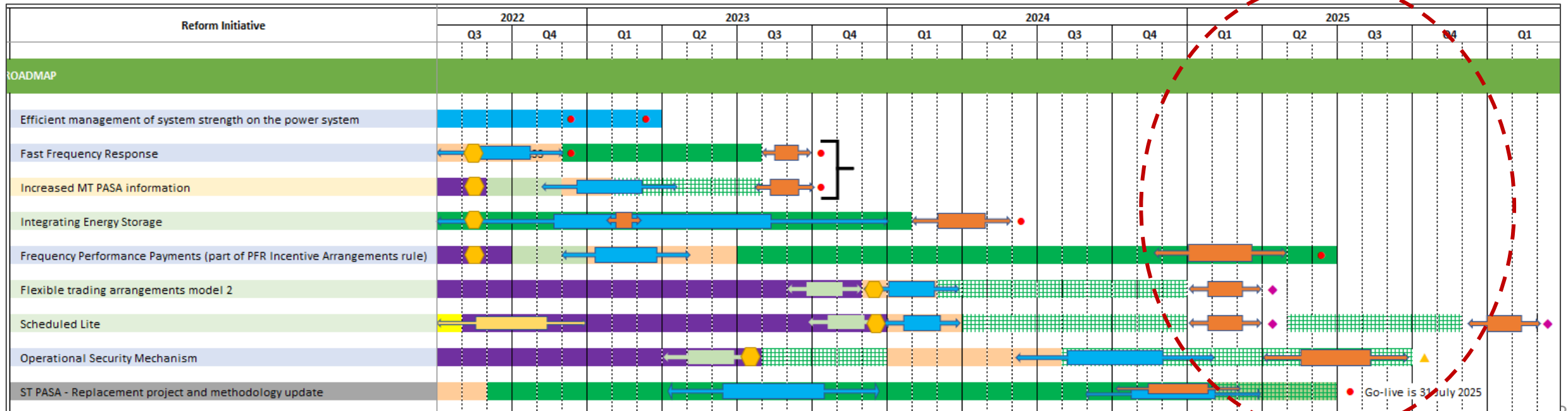
Initiative	Update Roadmap (Timing, Initiative Name, Stage Gate)	Complete Detailed Impact Assessment	Re-assess Bundle, Sequence & Prioritisation	Remove Initiative
Operational Security Mechanism	✓	✓	✓	✗
Flexible Trading Arrangements Model 2	✓	✓	✓	✗
Scheduled Lite	✓	✓	✓	✗
Capacity Mechanism	✓	✗	✗	✗
Congestion Management Mechanism	✓	✗	✗	✗
DER Initiatives	✓	✗	✓ (‘Blueprint’)	✓ (Turn-up Services Only)
Data Strategy Initiatives	✓	✗	✗	✗

Further assessment required of implications of a potentially congested 2025 delivery year, as well as future opportunities to group, sequence and prioritise initiatives

6. Open Discussion – Key Challenges and Issues

2025 is shaping to be a congested year in terms of delivery

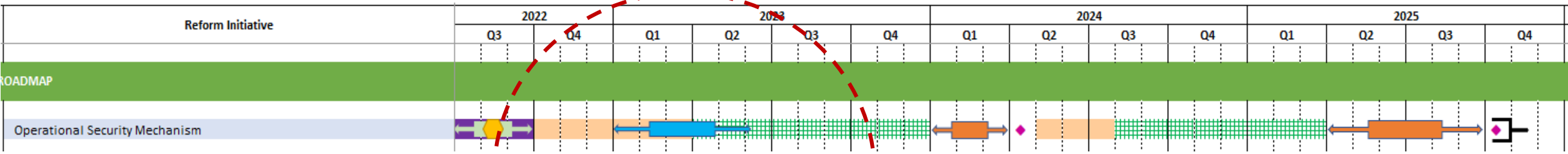
- Changes in timing for several reforms will potentially create a number of challenges in implementation for AEMO and participants – particularly in 2025 where there are currently multiple releases across 2 committed initiatives and 3 initiatives under consideration
 - Assumes current scope and complexity*
- Several ‘levers’ to be considered including but not limited to: Timing of rules consultation process, Final scope of rule change determination (if made), opportunities to bundle, sequence and prioritise implementation, phased implementation



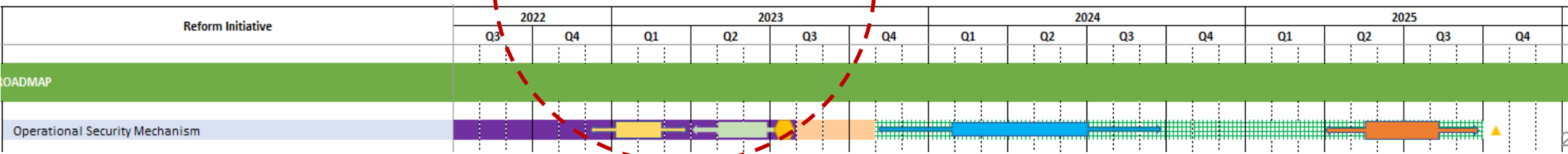
OSM Implementation

- Extension of the rules consultation phase to July 2023 with no extension to the estimated go-live date will result in an approximate six (6) month reduction in time to implement OSM
 - Assuming OSM proceeds with current proposed scope, this potentially results in increased pressure on resources / delivery teams in an already congested delivery year
- AEMC rule change consultation process continues, including engagement with the OSM Technical Working Group and AEMO prototyping activities to inform a potential solution
- Implementation timeline is a function of scope, bundling, phasing, sequencing, etc. Intention is to review through the Informed Go-Live Data process with an update to be provided at March RDC meeting

Roadmap v1 (Sep 2022)



Draft Roadmap v2 (as of FEB 2023)



Open Discussion

(e.g. bundling, sequencing or
prioritisation opportunities)

7. Next steps

Next Steps

- Additional feedback sought from Committee members on impacts resulting from material changes to initiatives and updates to Roadmap (**February**)
- Change Management and Impact Assessment of material changes finalised (**late February**)
- AEMO 'Blueprint' assessment completed (**March**)
 - Outcomes from assessment to be incorporated into Roadmap where appropriate
- Revised draft Roadmap v2 shared with the RDC for review ahead of next RDC meeting (**March**)
 - Including updates to supporting material (e.g. Initiative Briefs, Program Scope)
- RDC Meeting (**30 March**)
 - RDC endorsement sought to publish version 2 Roadmap, including supporting material
- Final Version 2 Roadmap shared with the PCF (**April**)
- Roadmap Stakeholder Forum (**indicative – April**)

8. General Questions and Other Business



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Appendix A: Competition law meeting protocol and AEMO forum expectations

AEMO Competition Law - Meeting Protocol

AEMO is committed to complying with all applicable laws, including the Competition and Consumer Act 2010 (CCA). In any dealings with AEMO regarding proposed reforms or other initiatives, all participants agree to adhere to the CCA at all times and to comply with this Protocol. Participants must arrange for their representatives to be briefed on competition law risks and obligations.

Participants in AEMO discussions **must**:

- Ensure that discussions are limited to the matters contemplated by the agenda for the discussion
- Make independent and unilateral decisions about their commercial positions and approach in relation to the matters under discussion with AEMO
- Immediately and clearly raise an objection with AEMO or the Chair of the meeting if a matter is discussed that the participant is concerned may give rise to competition law risks or a breach of this Protocol

Participants in AEMO meetings **must not** discuss or agree on the following topics:

- Which customers they will supply or market to
- The price or other terms at which Participants will supply
- Bids or tenders, including the nature of a bid that a Participant intends to make or whether the Participant will participate in the bid
- Which suppliers Participants will acquire from (or the price or other terms on which they acquire goods or services)
- Refusing to supply a person or company access to any products, services or inputs they require

Under no circumstances must Participants share Competitively Sensitive Information. Competitively Sensitive Information means confidential information relating to a Participant which if disclosed to a competitor could affect its current or future commercial strategies, such as pricing information, customer terms and conditions, supply terms and conditions, sales, marketing or procurement strategies, product development, margins, costs, capacity or production planning.



For more information visit

aemo.com.au