



Minutes

WEM Reform Implementation Group – Meeting 3

Time: 9:30am – 11:00pm
Date: 8 July 2020
Venue: Teleconference

Attendees:

Name	Organisation	Name	Organisation
Aden Barker	ETIU	Lize Combrinck	Bluewaters
Alan McDonald	Bluewaters	Lynda Venables	Synergy
Alyce Lines	Western Power	Mark McKinnon	Western Power
Antonia Cornwell	Synergy	Nathan Kirby	Western Power
Arthur Panggabean	AEMO	Oscar Carlberg	Alinta
Ben Brearley	AEMO	Patrick Peake	Perth Energy
Brad Huppatz	Synergy	Peter Huxtable	Water Corporation
Bronwyn Gunn	ETIU	Rebecca White	ETIU
Clayton James	AEMO	Rhiannon Bedola	Synergy
Elizabeth Walters	ERA	Robert Petrovic	Alinta
Erin Stone	Point Global	Robert Pullella	ERA
Irina Stankov	ERA	Sabina Roshan	Western Power
James Townsend	Lacour	Sam Lei	Alinta
Jenny Laidlaw	Rule Change Panel Support	Sarah Silbert	AGL
Jo-Anne Chan	Synergy	Steve Gould	Community Electricity
John McLean	Power System Consultants	Stuart Featham	AEMO
Judy Hunter	Western Power	Tinna Needham	Western Power
Julian Fairhall	ERA	Victor Francisco	Power System Consultants
Katie Franklyn	Tersum Energy	Wendy Ng	ERM
Laura Koizoil	Rule Change Panel Support	Winston Cheng	AEMO
Liz Aitken	Perth Energy		



Item No.	Issue
Slide 5	<ul style="list-style-type: none">• Aden Barker (AB) outlined the questions asked of stakeholders at previous WRIG meetings (see slide)• Stuart Featham (SF) thanked stakeholders for the feedback to date. SF acknowledged AEMO had hoped to be more advanced by this point, however have been focusing on its own program to determine details to provide Market Participants, including system requirements.• SF invited questions or challenges to the information provided in the upcoming slides and invited stakeholders to request one-on-one meetings as needed.
Slide 6	<ul style="list-style-type: none">• SF outlined the stakeholder feedback on milestone definitions, as summarised on the slide.• AEMO is focusing on quality and managing risk, noting that the tolerance for bugs in its systems is less than many other IT projects.• AEMO is very aware of the need to have milestones and detail in place to enable Market Participants to undertake their works/business changes.
Slide 7	<ul style="list-style-type: none">• SF outlined the stakeholder feedback on major changes, as summarised on the slide.• SF noted that the limited labour pool in WA is a broad risk. SF invited comments on how the sector may be able to work to mitigate that risk, although noted this is something Market Participants would likely want to manage individually.• SF said AEMO will take on notice the feedback about testing strategy and environments. AEMO will report back on this and provide more detail at the next WRIG meeting.• AB commented on the suggestion that ought to be a single design document – in the immediate term there will not be a single document.<ul style="list-style-type: none">○ Some of the Taskforce decisions are at a relatively high-level or principles based, with the detail being determined in the rule drafting. This means that some of the detail is still being worked through.○ The Taskforce decisions to date are included in the Information Papers published on the Taskforce website.○ The amending rules will include explanatory information, as was included in the constraints governance framework amending rules. This will provide additional information for Market Participants.○ Any changes to Taskforce decisions and additional decisions will be clearly communicated through the rule drafting process.• SF noted Market Participant’s desire for additional/more detailed information and is working to provide this as soon as possible.<ul style="list-style-type: none">○ AEMO plans to convene WRIG sub-groups to better understand the physical changes Market Participants will need to make to their facilities and other equipment.• Arthur Panggabean (AP) said that one of AEMO’s workstreams is focusing on data capabilities and more information will be provided at future WRIG meetings.

Slide 8	<ul style="list-style-type: none">• SF outlined the stakeholder feedback on phases and key questions, as summarised on the slide.• SF noted Market Participants’ desire for training to commence as soon as possible. AEMO is working to better understand Market Participant’s training needs and has commenced recruitment to assist it provide training and educational programs. SF noted this education may need to vary for different facility classes.• SF requested Market Participants contact AEMO to advise the modes of education they are seeking.• AB said that there will be information in the ‘day in the life’ document for different facility types. This includes how the different amending rules interact (for example, for hybrid facilities) and on offer construction in the context of SCED.
Slide 9	<ul style="list-style-type: none">• SF outlined the stakeholder feedback on testing and trialling arrangements, as summarised on the slide.• SF said the Joint Industry Plan (JIP) is a multi-level approach plan, however there is only so much detail that can be included until is unwieldy and not useful. AEMO is considering what is the right level of detail to include in the plan and other means that information can be provided to Market Participants.• AEMO will come back to Market Participants on how it expects staging and sandpit environments to work.• Market Participant’s prefer a parallel run approach to testing and trailing where there is a settlement cap.<ul style="list-style-type: none">○ Liz Aitken (LA) said the idea is to cap the financial outcomes from different IT and bidding behaviour failures that result in a trial period then the market impact of particular bids can be assessed without that impact flowing through to the customer. However, the usefulness of this approach depend on what is in the JIP and the market design.• SF asked for offline feedback for any examples of issues with AEMO’s recent releases so that can inform system design and the test approach.
Slide 10	<ul style="list-style-type: none">• SF outlined the stakeholder feedback on regulatory considerations, as summarised on the slide.• SF said it is important for Market Participants to have time to learn how the new market is meant to work, notwithstanding there will be test and trial environments. Development of an amnesty period is challenging and will be informed by input from the Economic Regulation Authority (ERA).• SF said Market Participants have strongly indicated they prefer to self-certify, rather than having an external certification process. SF acknowledged that but noted that there also needs to be a process to determine that collectively entities are ready to go. He also said that for some entities there may be a higher bar, and this may require independent or central assessment. It will take some time to work though the approach for this.• AB said that ETIU has been clear about which instruments will enact policy decisions (e.g. WEM Rules, WEM Procedures, Access/Metering Code). AB will discuss the rule change packages and the process for this later in the meeting.<ul style="list-style-type: none">• LA said the key issue is there has not been any indication of what the replacement of SRMC will be, and this is tied operating cost and decisions to participate in optional markets.• AB said in relation to SRMC and market power mitigation more generally, this will be included in the final package and will engage with industry in the later part of the next six-month period with advice to go to the Taskforce in early 2021.• SF noted the need to a collaborative approach on development of market procedures. SF said this will be discussed in more detail later in the meeting. He said the general approach is that more detail will be in procedures than has been the case in the past. There will be a robust approach to development of and consultation on the WEM Procedures. AEMO is focusing on the prioritisation of procedures, informed by the requirements for implementation.

**Slide
11**

- SF outlined the stakeholder feedback on key dependencies and high priority requirements, as outlined on the slide.
- SF noted the technical scope of the new dispatch engine and bidding interfaces is the top priority. AEMO has been working on prototyping and validating design decisions as they are made to enable them to provide information to Market Participants as soon as possible.
- SF noted that constraint equation amending rules have commenced (1 July 2020).
- AB said that ETIU has clearly indicated where there will be changes to other instruments, including Metering Code amendments for the implementation of five-minute settlement. AB said that if Market Participants have identified any issues or other changes required for them to please contact ETIU.
- AB noted that a consultation process has just been completed for the first round of Access Code changes. Metering Code amendments will be consulted on later in the year.
- AB said the Taskforce will not be intervening in network tariff design. This will be dealt with as part of Western Power's Access Arrangement process.
- Patrick Peake (PP) said that Market Participants really need the technical scope by the start of September to guarantee that they can update their systems in time. Any delay beyond this will make it much harder to be ready for October 2022. Market Participants need to undertake design, approval, procurement and testing processes.
- LA added that one of the biggest problems is that Market Participants do not have information to enable them to understand the scale of costs they must incur or commence internal/Board approval processes (which could take 6-8 months).
- AB notes that Perth Energy and AGL provided a lot of feedback in response to the questions posed at the last meeting. AB asked for more information on exactly what information and detail Market Participants are seeking.
- LA said it is difficult to know due to the 'chicken and egg' problem. Therefore, it would be useful if AEMO provides some basis level of information and then Market Participants and let it know the additional information they require to commence preparing basic project scopes.
- SF said that two things previously discuss are:
 - What does the market design require of Market Participants – this information will be provided in WEM Rule packages, with the SCED and ESS rules to be released for consultation in the coming month.
 - How will Market Participant systems connect to and interface with AEMO systems – this work has commenced, including through the initial survey, and will continue over the coming month. This will inform how AEMO developed it own systems and therefore how Market Participants interact with those systems.
- LA requested that all the draft rule and information about portals and interfaces be available by September to inform decision-making. Information sought includes, for example, will there be a bid for load and a bid for 'generation' for batteries, how will that bidding structure work and how many bid bands will be required? LA asked for information on how similar WEMDE will be to NEMDE, and what are the changes/what is staying the same?
- AB said this information will be contained in the release of the next package of rules around SCED and ESS, which includes bidding.
- LA said the rules themselves should only have obligations on Market Participants and AEMO, however the key matter of interest for Market Participants is how those obligations are operationalised. This will inform how Perth Energy implements its obligations, including system design.
- SF said AEMO is fully aware of the dependency and is working with ETIU to share information with Market Participants as soon as possible.
- LA said Perth Energy may not be in a position to self-certify if it can not get information in September. AEMO/ETIU need to consider what happened if Market Participants can not certify due to delays. LA is also concerned about resource availability.

	<ul style="list-style-type: none">• SF said any advice from Market Participants on the specific information they are seeking is useful. AEMO does not want to be in a position where it is focusing on providing Market Participants X but actually they are seeking Y.• Wendy Ng (WN) said ERM will potentially have resourcing issues. She agreed with LA comments, and also noted they will have resourcing challenges due to relevant staff working to implement five-minute settlement in the NEM. WN asked for a timeline for when sandpits would be running and market trial will commence. This gives Market Participants something to work towards.• SF said he will provide more information on the timeline in the next agenda item and run through some of the projects commencing. AEMO will also develop a shared log outlining the information currently available and questions from Market Participants. Development of the log will occur prior to the next WRIG meeting.
Slide 13	<ul style="list-style-type: none">• AP said there were 40 responses to the survey (about 18 Market Participants). He provided a summary of the feedback, as outlined on the slide.
Slide 14	<ul style="list-style-type: none">• Ben Brealey (BB) provided an update on the AEMO implementation program activities, as summarised on the slide.• LA asked what happens if AEMO cannot recruit appropriately qualified resources?• SF said AEMO has been surprised by the level and quality of interest for both project management and technical/IT roles. However, if it cannot recruit appropriate resources it will lead to delays or changes to prioritisation, which is a risk it is managing.

Slide 15	<ul style="list-style-type: none">• BB outlined the implementation projects summary timeline, as included on the slide.• There are 10 internal implementation projects. These include (but are not limited to):<ul style="list-style-type: none">• Generator performance standards, with Western Power.• Compliance monitoring process, with Western Power.• Constraint management, including building the constraints library and prototyping.• Building the dispatch engine, which will be based on NEMDE.• AEMO aims to have digital platform enablement by the end of August, including for the portal Market Participants will use to access AEMO systems. This will be informed by the NEM, rather than being build from scratch. BB said that data provisioning is important, including access to historical data and how data will be published on external sites.• SF noted AEMO is working on an end-to-end approach, including procedure development, business and process changes, the specific testing and trialling. Some of the timing on the slide is specific to the develop, build, test and trial arrangements. However, AEMO has commenced work prior to the system build.• WN asked when AEMO expects self-certification to commence.<ul style="list-style-type: none">• SF said AEMO has not considered this yet. A decision will be informed by broader requirements and will be made in consultation with Market Participants through the WRIG.• LA what the requirements are for Market Participants at each stage of deployment.<ul style="list-style-type: none">• SF said requirements will depend on the type of deployment. For example, sandpitting will have low level requirements; however, some other stages will have greater requirements.• Oscar Carlsberg (OC) said a more detailed view of the projects would be useful.<ul style="list-style-type: none">• SF said AEMO will share more information when it is available.• LA asked which of these projects can be delayed without effecting market start.<ul style="list-style-type: none">• SF said there are no projects that can be deferred, however there may be some things within projects that are nice to have that can be deferred until after market start, for example interfaces and usability improvements.• LA said it would be useful if AEMO can provide information on which version of NEMDE it is using as a base for WEMDE and they systems outside NEMDE that will be used.<ul style="list-style-type: none">• SF said it is useful to know Market Participants are seeking that sort of information.• LA said that the appropriate resources in the NEM are working on implementation of five-minute settlement, and therefore it would be useful if changes to settlement came later in the process (e.g. after September 2021).
Slide 16	<ul style="list-style-type: none">• Mark McKinnon (MM) provided an overview of Western Power’s implementation activities, as outlined on the slide.• MM requested Market Participants get in touch if they have any questions. Western Power is also available to provide more detailed presentations at future WRIG meetings on request.

Slide 18	<ul style="list-style-type: none">• AB outlined the rule drafting plan as on the slide. He noted it has been amended since it was previously presented.<ul style="list-style-type: none">• In some instances timing has been pushed out slightly.• An additional package (2B) has been added and some workstreams have been moved between packages.• The draft amending rules for the new Appendix 12 will be consulted on at the next TDOWG.• Package 2A will be released for consultation in late July (four week consultation period).• PP asked whether Market Participants can see what is proposed for market power mitigation as those rules will inform design of market interface systems. He is also of the view that prices are being depressed due to Synergy's activities and for this reason requested work be bought forward.<ul style="list-style-type: none">• AB said the the market power mitigation rules will be consulted on at the end of this calendar year and a Taskforce decision will be made early in 2021.
Slide 20	<ul style="list-style-type: none">• SF spoke about the approach to procedures. (A spreadsheet listing the procedures was circulated with the agenda).• AEMO will consult on box 1 and 2 procedures prior to market start. The approach to box 3 is to be determined.• AEMO plans to provide information on procedure prioritisation (e.g. the priority procedures within each box) and dates for consultation at the next WRIG meeting.• SF asked for Market Participants to provide AEMO feedback on the box categorisation and prioritisation of procedures.• AB reiterated that as discussed at TDOWG the Market Rules and Market Procedures will be renamed to WEM Rules and WEM Procedures. This is to distinguish them from the NEM documents. Amendments will be made in rule drafting packages, with a tidy up of any amendments still required at the end of the rule drafting process.
Slide 22	<ul style="list-style-type: none">• SF outlined the next steps as included on the slide.• SF asked for Market Participants to continue to provide AEMO feedback to inform development of the JIP. AB reiterated this and thanked Market Participants for their feedback to date. However, he noted that only a few Market Participants had provided feedback, and requested that those who had not get in touch with AEMO/ETIU.