

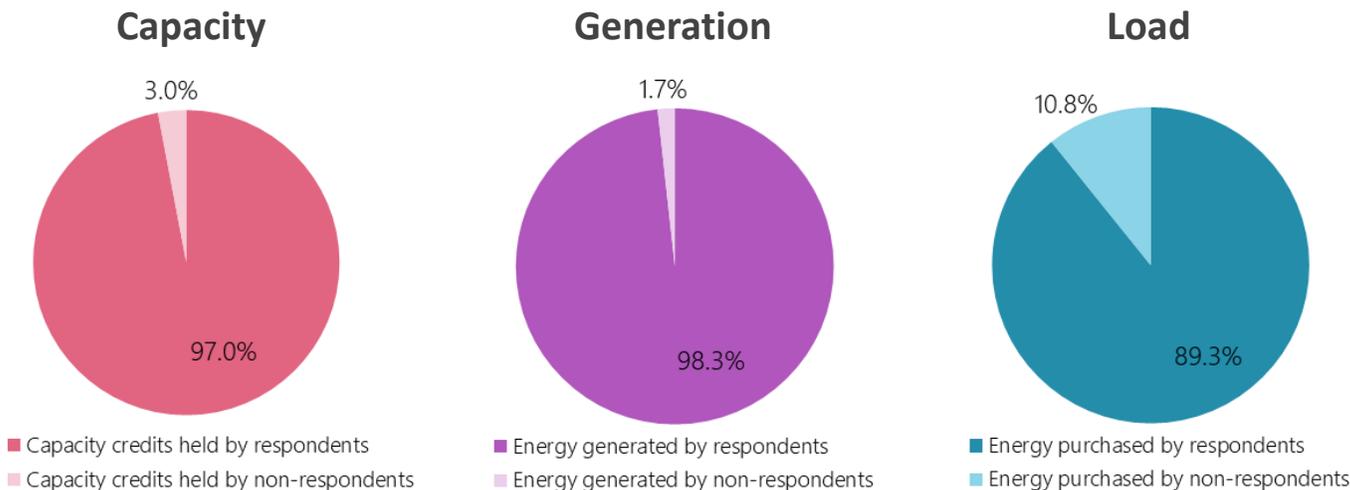
WEM Reform Market Readiness Report No.2

11 March 2022



Participation

- 60% of survey invitees responded (c.f. 45% from Survey 1)
- Five new respondents, one Survey 1 respondent didn't respond to Survey 2
- Removal of some invitees from the invitation list accounts for the rest of the improvement in response rate
- Responses covered most of the energy generated and capacity credits held in the market
- A small drop in the generator coverage by capacity (97.0% down from 97.5%) due to non-participation by one small to medium market participant.
- The share of energy consumption covered by responses is 89%. The remaining 11% is largely attributed to smaller retailers and several large users that procure energy to supply their own facilities.



Statistic	Value	Explanation
Survey invitations issued	45	Note multiple participantIDs aggregated in one invitation where appropriate (62 participantIDs covered by an invitation)
Completed responses	27 (60%)	Response rate based on completion of unique invitations. Response rate 66% if calculated as: <i>participantIDs covered by a response / participantIDs covered by an invitation</i>
Generation coverage	+97%	Share of 2021 portfolio measured either by energy or capacity
Retail coverage	89%	Aggregated consumption metered across all NMI's assigned to Survey respondents as share of total energy supplied (2021).

Focus Areas

Program Setup

- Key program setup tasks relate to **funding, planning, governance** and **onboarding**.
- Two thirds of respondents report key program setup tasks complete
- 15 to 20% of respondents have not completed planning, funding and/or resourcing a program of work – most of these are smaller participants.
- Since Survey 1, significant reduction in reports of setup elements being at risk
- Comments emphasised continuing scope uncertainty

Early Execution

Commencement of delivery

- 80% of respondents have commenced execution (compared to 66% for Survey 1)
- 60% of respondents report their early program execution is “**on track**” (up 14% points since Survey 1)

Vendor / Supplier agreements

- 33% of respondents indicated “N/A”.
- Of the remaining 66%, most reported as “**on-track**” (up since Survey 1)
- Comments emphasised continuing specification uncertainty and incomplete internal research

Risk Areas

Impact

- Compared to Survey 1, overall, the frequency of “**low**” impact ratings increased, while “**medium**” and “**high**” impact ratings reduced.
- IT changes (A and B) and Business operations (C) remain the areas most likely to be rated “**high**” impact
- The changes in ratings may reflect improved understanding of the changes required.

Confidence

- The vast majority of respondents expressed High to Medium confidence in successful completion across all areas.

Key Insights



WEM Reform Engagement is Improving

- The majority of the larger market participants continue to be strongly engaged with the WEM Reform process
- Several of the smaller market participants are also starting to engage



More Work Programs are Established

- For two thirds of respondents, the key program establishment tasks are complete.
- Areas most likely to be at risk concern onboarding staff and planning.
- These results are a significant improvement compared to Survey 1



Vendor Agreements a Critical Focus

- Two thirds of respondents recognise the relevance of vendor/supply however most have not completed agreements
- Some respondents may be deferring agreements which increases chance of issues being exposed late in participant work programs



Readiness Confidence is Increasing

- Overall, respondents appear more confident that they understand their tasks and can achieve it.
- Several respondents express continuing concerns regarding the available time for development and testing



Some Challenges Identified

- Gaps in some understanding of the changes
- Internal dependencies (e.g. system design, approvals, small teams) and external dependencies (e.g. availability of AEMO's specifications) complicate and delay decisions



Improved Market Readiness Position

- Implied risk scores have reduced considerably
- Many of the changes were consistent with respondents acquiring a more nuanced understanding of the relative importance and difficulty of different activities

Next steps

- Next Market Readiness Survey and Report (General Readiness Criteria)
 - Market Readiness Survey No.3 is due to be released April 2022, and the next iteration of this report in May 2022
 - Survey 3 will focus on the general readiness of WEM participants and seek their views on key readiness risks.
- Following Market Readiness Surveys and Reports (Specific Readiness Criteria)
 - As detailed in the [Market Readiness Engagement and Reporting Strategy](#), AEMO plans to base Market Readiness Survey 4 on Specific Readiness Criteria (due for release July 2022)
 - The Specific Readiness Criteria will inform more granular and more targeted questions, to gauge each respondent's progress in delivering outcomes of relevance to their particular business and facilities
 - AEMO plans to consult on the specific readiness criteria before proceeding with Survey 4

