

Australian Energy Market Operator  
GPO Box 2008  
MELBOURNE VIC 3001

15<sup>th</sup> January 2021

Submitted via e-mail to [stakeholderrelations@aemo.com.au](mailto:stakeholderrelations@aemo.com.au)

Dear Sir/Madam,

### **Renewing AEMO's Engagement Model**

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Australian Energy Market Operator’s (“**AEMO’s**”) *Renewing AEMO's Engagement Model – Response Paper*.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

#### **Discussion**

The Energy Council appreciated AEMO canvassing its stakeholders to determine the best way to rationalise and reinvigorate its engagement model. AEMO's conclusion that improving existing arrangements, by focussing on improving the existing working group structure, is strongly supported.

The Energy Council thanks AEMO's stakeholder engagement group for providing several opportunities to discuss the model at the member and secretariat level, and for taking thoughtful account of the submissions it received.

#### Stakeholder Forum

The Energy Council supports the proposed Stakeholder Forum, which will likely be more valuable, and present fewer risks, than the executive fora presented in the initial Options Paper. In coming to this view, AEMO has correctly summarised stakeholder feedback.

The Stakeholder Forum will be a valuable means by which AEMO can share information about its activities and plans and, within the definition of “select consumer organisations”,<sup>1</sup> the Energy Council suggests that its membership could be expanded to include other stakeholders, such as regulatory bodies and industry associations.

If AEMO is concerned that its size would be unwieldy, then it is suggested that attendees be classified in a variation to the Western Australian Market Advisory Committee model,<sup>2</sup> with “members”, who would be able to participate in discussions, and “observers”, who could attend but not participate. This would be a model which allows the appropriate people to converse, limits irrelevant discussion, but allows information to be disseminated to a wider audience.

In addition, the Energy Council supports the establishment of a budget and finance subcommittee, as set out in Attachment 4. The proposed group is a pragmatic way for AEMO to ensure that AEMO's budget plans are engaged with by market participants as they evolve, and are reflective of AEMO's operational costs and strategic direction. The Energy Council is particularly interested in how the

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<sup>1</sup> Response Paper, p.8

<sup>2</sup> See <https://www.erawa.com.au/rule-change-panel/market-advisory-committee>

proposed subcommittee can work most effectively, and to this end has collaborated with the Energy Networks Association to commission Cambridge Economic Policy Associates (“**CEPA**”) to advise on this topic. CEPA will be considering the formation of the subcommittee, based on principles published by the Australian Institute of Company Directors and the Organisation for Economic Co-operation and Development. The proposed design principles are as follows:

- Clear: The Subcommittee's purpose, scope and processes should be clearly documented, to promote a shared understanding of its work.
- Transparent: Subcommittee business should be conducted and communicated as openly as possible, so that stakeholders can understand what decisions have been made and why.
- Effective: Subcommittee processes should support informed, inclusive and participative discussion and review of strategic and budgetary decisions.
- Collaborative: The Subcommittee should reflect AEMO's stakeholders to promote balanced decision making, and contain a mix of skills and experience appropriate to its scope.
- Proportionate: Subcommittee processes should be adequate to meet the other design principles, while ensuring the time and resources required to support its work are reasonable given AEMO's costs.

The report will be available by the end of January, and will focus on the Subcommittee design elements of scope, composition, standing, process and communication. The Energy Council will ensure that AEMO receives a copy, and the Energy Council will be available for further collaboration with AEMO to ensure the Subcommittee's design is as effective as possible.

The paper notes that the development of this group is dependant on an AEMO governance review.<sup>3</sup> The Energy Council is not familiar with this review, whether it is being conducted internally or externally, and the Energy Council encourages AEMO to publish information on it, explaining how it links to these recommendations, and to provide opportunities for industry to engage with it.

#### NEM Wholesale Consultative Forum

As expressed previously, the Energy Council still has reservations that electricity and gas should be combined in the one forum, given many of the Council's members retain the separation of the products in their businesses. Nevertheless the expected convergence of the products is understood, and to ease the transition, and make the forum convenient for members, it is suggested that initially the electricity and gas sections of the agenda be each grouped together and kept distinct, so that electricity-focussed individuals can participate in the section which interests them, and vice versa.

In addition, early advice as to the agenda, including items' likely timing, would enable businesses to allocate the most relevant people to attend for particular topics.

#### Other additional practice and process improvements

The Energy Council fully supports the actions AEMO intends to take to improve how the fora operate, and the outcomes to be derived from such fora. In particular the Energy Council believes the Five-point Action Plan will be integral in ensuring the fora improve their effectiveness, and suggests that AEMO publishes a project plan to outline how the points will be addressed, and publishes data on progress in doing so.

It might not be in the Engagement Model Review's scope, but in addition, the Energy Council suggests that consideration be given to improving AEMO's website. Although it has recently changed to be more aesthetically pleasing, it is still fundamentally lacking in an ability for users to retrieve relevant documents, both current and historical. Searching and filtering remains inadequate,

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<sup>3</sup> p.8

and consideration should also be given to determining the most appropriate hierarchical structure for the website's menus.

Any questions about this submission should be addressed by e-mail to [Duncan.MacKinnon@energycouncil.com.au](mailto:Duncan.MacKinnon@energycouncil.com.au).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Duncan MacKinnon', with a long horizontal flourish extending to the right.

**Duncan MacKinnon**  
Wholesale Policy Manager  
Australian Energy Council