



13 January 2021

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Renewing AEMO's engagement model Response Paper

The Major Energy Users is pleased to respond to the AEMO response paper on renewing its stakeholder engagement model.

About the MEU

The MEU was established by very large energy using firms to represent their interests in the energy markets. With regard to all of the energy supplies they need to continue their operations and so supply to their customers, MEU members are vitally interested in four key aspects – the cost of the energy supplies, the reliability of delivery for those supplies, the quality of the delivered supplies and the long term security for the continuation of those supplies.

Many of the MEU members, being regionally based, are heavily dependent on local staff, suppliers of hardware and services, and have an obligation to represent the views of these local suppliers. With this in mind, the members of the MEU require their views to not only represent the views of large energy users, but also those interests of smaller power and gas users, and even at the residences used by their workforces that live in the regions where the members operate.

It is on this basis the MEU and its regional affiliates have been advocating in the interests of energy consumers for over 20 years and it has a high recognition as providing informed comment on energy issues from a consumer viewpoint with various regulators (ACCC, AEMO, AEMC, AER and regional regulators) and with governments.

The MEU has been and still is an active member of many AEMO (and before that VENCORP and NEMMCO) forums over the years and recognises the value of these as a tool for AEMO engagement with energy market stakeholders and consumers. The MEU appreciates that AEMO is seeking to improve its engagement with all stakeholders, but particularly with consumers who are the focus of the NEO and the NGO.

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As a general observation, the MEU supports a number of the proposals outlined in the AEMO response paper, especially the implementation of a best practice stakeholder engagement process. As the MEU noted in its response to initial paper on this topic, the MEU expressed a view that AEMO stakeholder engagement needed considerable improvement. The MEU considers that the process proposed to deliver this improvement should provide stakeholders some comfort but the MEU points out that it is not necessarily the process that will deliver the desired outcomes but the commitment of the AEMO staff to “walking the walk” to match the “talking the talk” that the process involves.

The MEU is less convinced about the proposed structure of the forums and makes the following comments:

The CEO forum

The MEU agrees that the CEO roundtable is not a forum that sits well with AEMO and would be better suited to be established by AEMC or the ESB.

The “lead” forums

In its initial thoughts, AEMO suggested an option 3 that the working groups be aligned under four main groupings – operations, planning and network, markets and WA – with executive panels providing oversight and direction for working groups gathered under each executive panel. The response paper identifies that there be five “lead” forums which appears to replicate the executive panels, even though AEMO response paper specifically dispenses with the executive panel concept.

The response paper appears to identify that there be now five main lead forums – Stakeholder forum, Markets forum, System and Planning forum, Operations forum and Consumer forum, as shown in the graphic developed by AEMO and shown on page 9 in the response paper.



The first four forums all seem to have working groups in subordinate roles to the lead forum. The System and Planning forum and Operations forum are either closed or will maintain the current membership of JEPC and the Stakeholder forum has membership limitations too.

There is no clarity on what these forums are to achieve or what powers they have. While the grouping of the working groups under the first four "lead" forums seems to be appropriate, the grouping implies that the working groups are subordinate to its associated "lead" forum. If this is the case (that the working groups are subordinate to the "lead" forum), we need to know whether the "lead" forums are to be decision-making and provide direction to the subordinate working groups within its purview. If they do, then stakeholder representation in these lead forums needs to be much wider and to include wider consumer representation to provide input from disparate consumer cohorts. Further, there needs to be a clear statement of purpose and what they are to achieve and what their responsibilities and powers are.

If these forums are for information sharing with no decision-making or providing direction, there is no reason to limit membership – or even have "lead" forums!

The concept of these four "lead" forums tends to provide a focus for the different activities of AEMO but there does not appear to be a reason to establish them as over-arching forums. Until the MEU sees what the forums are to provide, the MEU cannot give support is not able to provide a view about these "lead" forums.

With this concern in mind, the MEU makes the following observations about each of the five proposed "lead" forums.

Stakeholder forum

This forum has limited access for consumer representation, yet the market is designed to deliver efficient outcomes for consumers. The MEU considers that any consumers that show an interest in the activities that this forum will address should be included in this forum.

The forum appears to be primarily an information providing entity although it might "oversee" two other working groups. It is unclear how this new forum could provide direction to the two working groups which have very clear and separate responsibilities

Markets Forum (rebranded NEM Wholesale Consultative Forum)

While the concept of having a forum that addresses both gas and electricity has some appeal, it is pointed out that the current NEMCF often runs for 3 hours or more each month and adding gas market issues will extend this timeframe by the 1-2 hours that the current GWCF needs. Further, many attendees to the

NEMCF do not have an interest in gas market issues and vice versa, and there is little commonality of AEMO staff as well between the existing NEMCF and GWCF. This raises the concern that attendees will either sit through discussion on activities they have no interest in, or the forum will have to be structured and scheduled so that stakeholders and AEMO staff can leave and join at times when electricity or gas issues are being discussed.

It is noted that there are proposed a number of gas working groups (GWCF, GSHRG and GRCF) subordinate to the Markets forum, yet the Markets forum (the rebranded NEMCF) is expected to address all NEM wholesale market-based issues and, additionally, some gas issues. This does not appear to be sensible.

The MEU considers that there is little advantage in adding gas issues to the NEMCF (the new Markets forum) when there are working groups to address gas issues but adding gas issues to the rebranded NEMCF will extend the timeframe for this forum noting that there are no working groups to discuss NEM wholesale market issues.

The MEU considers that rather than extend the current NEMCF to include gas issues (and so create the Markets forum), it should remain dedicated to NEM related issues and that gas issues get addressed in the GWCF. If this is done, there seems to be little value for the over-arching Markets forum.

System and Planning forum (formerly Joint Executive Planning Committee)

The implication of making the JEPC the "lead" forum for the System and Planning forum is that there is proposed to maintain its existing membership. If the role of this forum is to be decision-making and to provide direction for the working groups, then excluding stakeholders interested in the issues being addressed by this forum will not provide the necessary stakeholder input needed for the work of this forum and the limited membership effectively reduces the value to AEMO of its decision to be more responsive to stakeholders and engagement with them.

If the forum is not decision making and to provide direction, it has no role in being an over-arching forum responsible for the working groups "attached" to it.

The MEU points out that through its activities with the Forecasting reference group, the ISP activities, the ISP Consumer panel and the Planning reference group, the MEU considers these forums do not need direction as their roles are already clearly identified and do not need another committee telling them what and how to carry out their tasks.

If the purpose of this forum is be for information sharing, there is no need to limit membership – in fact wider membership would be an advantage as it

would allow stakeholders to be better informed on the activities of the working groups associated with it without having to be active in the working groups.

Operations forum

The MEU does not agree that this forum should have a closed membership and it should be open to inclusion of consumer advocates that both understand the issues being considered and can add value to the deliberations of the forum.

If AEMO wants this forum to continue to be closed, it should provide reasons as to why this is necessary and what the benefits are for keeping membership closed.

Similar comments apply to this "lead" forum as noted in the commentary to the System and Planning forum above as many of the working groups already have clear understanding of their roles and direction and oversight is not needed.

Consumer forum

As the MEU commented in its earlier response there is a need for a separate but also high-level forum for consumers only, similar to the current Consumer Forum. The MEU sees this as important due to the wide levels of understanding of the energy markets consumer advocates have and this forum would enable the advocates with less knowledge and understanding of the markets to receive input from consumer advocates with more experience on the various issues.

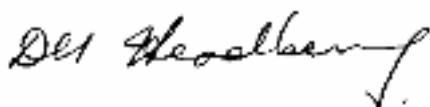
The MEU supports the AEMO proposal to maintain this forum in its current form.

Existing forums

The MEU supports the retention of the existing forums but agrees that where a forum no longer serves a purpose or the issues can be reasonably well incorporated into another forum, then the forum should be closed.

The MEU is happy to discuss the issues further with you if needed or if you feel that any expansion on the above comments is necessary. If so, please contact the undersigned at davidheadberry@bigpond.com or (03) 5962 3225

Yours faithfully



David Headberry
Public Officer