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AEMO Stakeholder Engagement Model

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Market Operator (AEMO) Renewing AEMO's engagement model options paper (Options paper).

We welcome the consultation given the numerous and diverse market and technical reform processes underway across all facets of the energy industry. AEMO have a key role in implementing rules as determined by the Australian Energy Market Commission, and the composition of appropriate technical working groups is vital to ensuring this process occurs smoothly and with the support of industry. Additionally, as the grid transitions AEMO is a principal observer of the impacts of new technologies on the power system. Consultative forums aimed at providing updates to the market on these changes are also necessary in order to allow for broad consideration of solutions to emerging problems.

We note that this consultation primarily focusses on the establishment and governance of these consultative forums and technical working groups. In addition to specific feedback given to AEMO's stakeholder relations team on this topic, we provide some comments below on each of the options outlined in the consultation paper. As a starting point, we think it useful that some core principles are established that underpin AEMO's stakeholder engagement model, beyond the composition of these groups.

As has been noted by AEMO, there are numerous working groups and the scope and purpose of each of these is not always clear to the market. How they have been established, who is invited to attend and what the proposed outputs from these working groups are also sometimes difficult to discern. As such any changes to how AEMO formally engages with industry should achieve the three below key principles.

1. AEMO should improve the transparency of how AEMO is engaging with industry. This includes readily accessible information on the engagement streams AEMO undertakes, the industry attendance, and ultimately what is being discussed.
2. The purpose of the engagement should be clear. The scope and what the expected outputs should be defined in advance along with whether the engagement is for information only or whether participants are expected to be representatives of their company and able to make binding decisions.
3. Engagement should be timely given the purpose. In many cases engagement needs to occur as early as possible to ensure that participants can meaningfully engage in problem identification and development of potential solutions. If this engagement is delayed until the final stages of the process, stakeholders can feel like the purpose of the forum is to be briefed on and potentially rubber stamp a predetermined outcome.

Set out below are our comments on the three AEMO engagement options. In summary, we consider the changes proposed under Option 1 are required at a minimum subject to the achievement of the above principles. We note AEMO should explore the merits of Option 2, with a particular focus on refining the structure based on understanding the linkages between wholesale and retail.



Option 1

We consider that this would be the default minimum outcome of this process. Noting the principles we outlined above, an uplift to establish a consistent and appropriate governance framework for working groups should occur.

Option 2

AGL considers there is some merit in further assessment of this proposal. We note that in many areas there is increasing overlap between the areas of retail and wholesale or, at times, gas and electricity. It may be that on a case by case basis, working groups are established with appropriate expertise across multiple sectors.

At a minimum there needs to be some consideration that even in relatively focussed retail discussions, there may be secondary impacts on wholesale (or vice versa) and that these need to be identified and raised at the appropriate complementary forum to ensure that the due level of consideration occurs. For example, we note the Options paper discusses how DER engagement may be improved under option 3, however AEMO should consider how DER integration engagement, and other major reforms such as Consumer Data Right (CDR), can be better integrated into the 'uplift' structure.

Option 3

We consider that this option seeks to expand the role of working groups to be an integral part of a broader strategic market reform role for AEMO. AGL considers that such a role essentially sits with the AEMC (and in specific areas the Energy Security Board), and that formalising a strategic set of committees is contrary to the role of AEMO within the broader NEM/WEM governance framework.

In any case, AEMO should only consider the merits of the additional strategic committees, such as the CEO round table, when AEMO has successfully implemented the proposed engagement uplift outlined in option 1 or 2. AEMO's primary focus should be achieving the necessary improvements to these fundamental engagement streams. It is only when these improvements are achieved that AEMO can appropriately consider what, if any, strategic committees can be integrated into the AEMO engagement approach to further improve the value of these fundamental engagement requirements.

If you have any queries about this submission, please contact Chris Streets on (03) 8633 6758 or CStreets@agl.com.au.

Yours sincerely,

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