

25 January 2021

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Dear Ms Gall,

Proposed delay of implementation of Metering Coordinator Planned Interruptions and MSATS Standing Data Review to 1 May 2022

I'm writing to advise of identified pressures and risks on the regulatory implementation roadmap (the roadmap), with respect to the implementation of Global Settlements (GS) and Metering Coordinator Planned Interruptions (MCPI)/MSATS Standing Data Review (MSDR), and AEMO's proposal to best address these issues.

As you are aware, AEMO provided a commitment to industry to engage on and maintain the roadmap, which was developed as part of the market bodies' prioritisation process, in response to the COVID-19 pandemic and in recognition of the significant regulatory burden facing industry.

The consultation process on version 3 of the roadmap in August 2020 resulted in decisions to bundle several regulatory initiatives to better manage the implementation program and achieve efficiencies. Through this process, AEMO determined to align and bundle the implementation of the MSDR and MCPI, with an effective date of 14 March 2022 in accordance with the Australian Energy Market Commission's final rule¹.

Since the publication of version 3 of the roadmap on 31 August 2020, AEMO has continued to make significant progress towards its readiness for major regulatory initiatives, most notably the Five-Minute Settlement (5MS) and Global Settlement (GS) project. The full commencement of 5MS and the soft start of GS will begin on 1 October 2021. This aligns the development of systems and procedures for both changes, reducing implementation costs. GS will fully commence on 1 May 2022.

¹ The AEMC's metering coordinator planned interruption final rule specifies an effective date of no later than 30 March 2022.

AEMO's readiness workstream for the 5MS project recently identified conflicts between the deployment, testing and go-live schedule for GS in the lead up to go-live on 1 May 2022, and MSDR due to go-live on 14 March 2022. The current schedule does not allow AEMO to effectively manage implementation risks as well as might otherwise be the case. Under the current roadmap, GS testing in early 2021 would take place using the previous version of MSATS. However, for go-live on 1 May 2022, GS would need to rely on some new processes introduced for the MSDR changes, which will have not been tested as part of the GS testing program.

To mitigate this risk and acknowledging the significance and priority of the 5MS and GS reforms, AEMO proposes a short delay to the implementation of MSDR and MCPI to 1 May 2022, noting it has already been determined that these initiatives will be bundled.

As you would be aware, the MCPI final rule introduces timeframes for the installation of meters to be completed in cases where there is shared fusing at a premise (i.e. where the supply to other customers will require interrupting). The benefit of this reform is that customers with shared fusing are provided with a new and/or replacement meters in a timelier manner. A delay to the implementation of MCPI may result in the benefits to this limited sub-set of customers being deferred for a short period.

AEMO raised the proposed delay at a 17 December 2020 Electricity Retailer Consultative Forum (ERCF) meeting attended by 40 stakeholder representatives to provide an initial opportunity for feedback. Stakeholders did not express any opposition to the proposal, although some wished to consult with their businesses. To reach a broader stakeholder group, AEMO issued an industry notice on 18 December 2020, advising of the proposed delay to the implementation of MSDR and MCPI, and seeking any feedback by 11 January 2021, consistent with the consultation window provided to the ERCF. AEMO received five submissions in response to the industry notice, with four supporting the delay and a fifth seeking an extension to provide feedback (yet to be received). The industry notice ensured any market participants looking to commence early work to implement MSDR changes have timely notice of the proposal, before formally re-consulting on the effective date for MSDR in early 2021.

In addition, AEMO plans to engage with industry on an updated roadmap (version 4) in early 2021, noting that the engagement objective is to inform and advise of changes to the implementation timing for MSDR and MCPI, rather than consult on them. AEMO will seek the AER and the AEMC's involvement and support in engaging with industry on the next iteration of the roadmap.

In AEMO's view, the alignment of the implementation of GS, MSDR and MCPI allows for more effective risk management of priority reforms of 5MS and GS. However, as it will not meet the regulated implementation timeframe for MSDR and MCPI, we would like to confirm the AER has no current objections to the proposed short delay prior to formally advising industry. This approach is considered preferable and more efficient than pursuing a rule change request, and

minimises the regulatory burden for participants, particularly given the proposed delay is only for a seven week period, advanced notice will be provided, and no adverse impacts have been identified by AEMO or raised by participants to date.

As AEMO intends to commence re-consulting on the effective date for MSDR in early 2021, I would appreciate your confirmation that you have no significant concerns with AEMO's proposed approach by 1 February 2021. I would be happy to meet with you and representatives from the AEMC to discuss the matter further if you wish. In the meantime, should you have any queries or concerns, please don't hesitate to contact me at kevin.ly@aemo.com.au.

Yours sincerely



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