

26 August 2020

Mr Paul Johnson
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Australian Energy Market Operator

Submitted via email: stakeholderrelations@aemo.com.au

Dear Mr Johnson

Stanwell response to Renewing AEMO's engagement model options paper

Stanwell appreciates the opportunity to provide feedback on the Australian Energy Market Operator's (AEMO) options paper on potential alternatives to reform its formal stakeholder engagement and consultation process.

This submission contains the views of Stanwell Corporation Limited in relation to AEMO's options paper and should not be construed as being indicative or representative of Queensland Government policy.

1. Introduction

Stanwell welcomes AEMO's interest in reviewing its engagement with participants. Stanwell agrees with AEMO that there is "important work to be done in uplifting consistency, transparency and value across the many committees and working groups".¹ As noted in the options paper, the governance, purpose and objectives of many of these groups is unclear, inconsistent and has not facilitated the robust and meaningful discussion between industry and AEMO on problem identification and resolution.

In the majority of cases AEMO's working groups should be used to harness the vast knowledge base in our industry in the development of innovative, efficient and effective solutions to the increasingly complex challenges that AEMO is facing in operating the energy networks effectively. However, increasingly the working groups and forums are used as a mechanism to advise industry of pre-determined solutions with minimal opportunity to provide feedback or alternative solutions outside of formal rule change processes.

Stanwell supports the clarification of the roles and objectives of the working groups, and the shift towards more collaboration and two-way discussions, and greater information sharing. However, we are concerned the proposed "Strategic" working group tier under options 2 and 3 would see that work encroach on the market design functions of the Australian Energy Market Commission (AEMC) and the Energy Security Board (ESB). In addition, we believe the proposed establishment of a CEO Roundtable or Executive Advisory Panels under Option 3 would add unnecessary complexity to the engagement

¹ AEMO, Renewing AEMO's engagement model options paper, page 5.

model and appear to encroach on the AEMC's and ESB's market design responsibilities. These matters are discussed in more detail below.

2. Working groups

Stanwell supports greater clarity about the role, frequency of meetings and tenure of existing and future working groups. This will aid stakeholders to assign resources commensurate with the contribution required (content, timing, frequency, volume), and manage stakeholder expectations about the benefits of participating in working groups and the intended goals and outcomes of each working group.

Stanwell also supports the move towards two-way discussion and collaboration. Redefining and clarifying the purpose and objective of existing working groups and ensuring the same for new and replacement working groups would enable working group participants to focus their efforts on identifying potential solutions and assessing the "best" solution.

Stanwell is keen to understand the expected benefit of consolidating the forums and working groups into four streams (operations, planning, markets and Western Australia), and how this categorisation will materially impact the function and operation of individual working groups, or the coordination between working groups. Stanwell notes that a number of existing working groups span more than one of the proposed streams. Placing working groups into streams could create "silos", potentially acting as a barrier to collaboration and identification of synergies.

Stanwell acknowledges AEMO needs to undertake strategic work within its remit of system operations and future systems design. As noted in the latest two governance reviews (the Independent Review into the Future Security of the National Electricity Market and the Review of Governance Arrangements for Australian Energy Markets), AEMO's role is as an expert advisor on market design, with other bodies (i.e. the Australian Energy Market Commission (AEMC) and the Energy Security Board (ESB), of which AEMO is a member) carrying the mantle of decision maker.

Stanwell is concerned about the potential for scope creep under the proposed classification of working groups into tiers. The proposed Strategic tier of working groups would be responsible for "designing the future market and system in collaboration with stakeholders; for example, strategic and forward-looking market design, the Integrated System Plan, and DER Integration."² Giving working groups the remit to 'design the future market' would see their work encroach on the market design functions of the Australian Energy Market Commission (AEMC) and the Energy Security Board (ESB). Given market design is already a crowded space, Stanwell does not support a further fracturing of this vital function.

3. Information updates

Stanwell supports the introduction of additional information updates for stakeholders.

Stanwell would be keen to understand the differences between the information provided in the "member-only" quarterly information updates (proposed as part of Options 2 and 3) and the information provided in the general updates provided to all stakeholders (proposed as part of Option 3).

² AEMO, Renewing AEMO's engagement model options paper, page 6.

Stanwell would also like to understand if there is anything preventing these information updates being provided under other options. In the absence of a material reason why the information updates have only been included in Options 2 and 3, Stanwell suggests these information updates be adopted in concert with the Option 1 reform of the working groups, to increase stakeholder awareness of AEMO's work and views on emerging market operation issues.

4. CEO Roundtable and Executive Advisory Panels

Stanwell does not support the establishment of a CEO Roundtable or Executive Advisory Panels as part of AEMO's engagement model. The roles and purposes of these additional layers is unclear, they add complexity to the engagement model, and responsibility for broad strategic input and prioritisation ultimately lies with the AEMC, not AEMO.

It is unclear what roles the proposed CEO Roundtable and Executive Advisory Panels would play. The consultation paper indicates that these bodies will be a place for strategic discussions, prioritisation and collaboration, but does not detail what the outcomes of these discussions, prioritisation and collaborations are envisaged to be. This is exacerbated by the comment that these will not be "decision-making forums".³ Stanwell notes there is already effective industry representation at the CEO and senior executive level through the Australian Energy Council and other member bodies that provide input at the strategic level in relation to market operation and system development.

It is also unclear what current problem or opportunity implementing two additional layers into the existing engagement model addresses or enhances. These additions do not appear to address the issues with AEMO's current engagement model raised in the recent survey of stakeholders, namely:

- Many stakeholders find the current operation of forums and working groups inconsistent, fragmented, and at times uncoordinated.
- Some forums have become a one-way information provision exercise, from AEMO to industry, without adequate opportunity for collaboration on problem definition and solution identification.⁴

Further, the proposed additional layers do not appear to be necessary for AEMO to achieve the stated aims of its new model for stakeholder engagement, which are to:

- Improve transparency, consistency, and collaboration across our energy industry forums, and
- Work flexibly both on problem-solving and considering future issues as well as delivering to immediate functional concerns."⁵

Similar to the introduction of a Strategic tier of working groups discussed previously, Stanwell is concerned that the introduction of these additional layers, and the potential role of these additional layers, could move AEMO beyond its role as market operator and encroach on the market design responsibilities of the AEMC and the ESB. While Stanwell acknowledges that there will be some overlap at the edges of each market bodies' responsibilities, the implementation of these additional layers would fracture the market

³ AEMO, Renewing AEMO's engagement model options paper, page 8.

⁴ AEMO, Renewing AEMO's engagement model options paper, page 5.

⁵ AEMO, Renewing AEMO's engagement model options paper. page 5

design function and increase uncertainty about which market bodies are responsible for market design.

5. Conclusion

Stanwell welcomes AEMO's interest in developing a new engagement model with stakeholders. Stanwell supports the refresh of working groups (as per Option 1), subject to clarification that the Strategic tier of working groups would not encroach on the AEMC's and ESB's market design responsibilities. Stanwell suggests the working groups be augmented by implementing the information updates detailed in Options 2 and 3.

Stanwell opposes additional layers of strategic engagement in the form of a CEO Roundtable and Executive Advisory Panels proposed in Option 3 in the absence of greater detail about the goals and desired outcomes of these groups, to ensure they do not encroach on the AEMC's and ESB's market design responsibilities.

Stanwell welcomes the opportunity to further discuss this submission. Please contact Evan Jones on (07) 3228 4536.

Yours sincerely



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