



# POWER OF CHOICE IMPLEMENTATION PROGRAM

INDUSTRY READINESS REPORTING PLAN (VERSION 0.1)

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## VERSION RELEASE HISTORY

Version	Date	Summary of Changes
0.1	22/07/2016	First draft issued for discussion with Power of Choice – Readiness Working Group on 05/08/2016



## EXECUTIVE SUMMARY

The Australian Energy Market Operator (AEMO) and industry are currently implementing a major electricity retail market reform package, commonly referred to as the Power of Choice (POC) reforms.

The POC reforms originate from the Australian Energy Market Commission's (AEMC) POC Review. Following publication of the Review's final report in November 2012, several related energy market rule changes, reviews and expert advice have been completed or are under development. The rule changes, which "go-live" on 1 December 2017, have amended and/or imposed new regulatory obligations on certain National Electricity Market (NEM) stakeholders.

For AEMO and NEM participants, this has prompted a major implementation work program to amend and/or create NEM procedures, business systems and supporting processes in preparation for the "go-live" date for the revised market arrangements. AEMO is playing a key coordination role in this work, in collaboration with its industry working groups, to ready industry and itself for the "go-live" date.

AEMO's POC Implementation Program covers procedural, technical and readiness work streams. The readiness work stream is responsible for developing AEMO's Market Readiness Strategy, where "market readiness" refers to the successful implementation of all necessary activities by AEMO and NEM participants required for a seamless transition to new procedural arrangements from the "go-live" date for the POC reforms.

As referenced in the Strategy, a key component of market readiness is progress reporting and monitoring by AEMO and NEM participants. To do this effectively, the organisational-level reporting process, the readiness criteria that will be used to report against, and the industry-wide reporting process AEMO will deploy must be clear and understood by POC key stakeholders.

This paper sets out AEMO's draft Industry Readiness Reporting Plan for discussion with, and feedback from, industry stakeholders. AEMO will subsequently re-issue a final version of the Plan to industry stakeholders to inform their own organisational readiness programs.

The purpose of the Industry Readiness Reporting Plan is to define the industry readiness criteria and the industry reporting process used to report against those criteria. At a high level, the Plan sets out:

- The readiness criteria that AEMO and NEM participants will report against to monitor the industry's operational readiness for the POC "go-live" date.
- AEMO's process for requesting, accepting and collating regular status reports from NEM participants on the progress of their market readiness activities and arising risks and issues.
- How AEMO will report to industry and other POC key stakeholders, such as government officials, on the progress of market readiness activities for industry as a whole.

This paper is structured as follows:

- Chapter 1 introduces the purpose, and approach to the development, of this Plan.
- Chapter 2 details the key dates and milestones.
- Chapter 3 details the purpose of, and audience for, the industry reporting.
- Chapter 4 details the readiness criteria.
- Chapter 5 details the reporting process.
- Appendix A contains the readiness criteria.
- Appendix B contains the readiness assessment reports.



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# 1. INTRODUCTION

This chapter presents background information on AEMO's POC Implementation Program, and sets out the objective, purpose, scope and approach to the development of the Industry Readiness Reporting Plan.

## 1.1 AEMO's POC Implementation Program

The objective of AEMO's POC Implementation Program is to design and implement the required changes to electricity metering, retail market arrangements and infrastructure to give effect to rule changes arising from the POC Review.<sup>1</sup>

To facilitate implementation of the Program, AEMO has established three work streams:

- Procedure Development – to define the required changes to electricity retail market procedures.<sup>2</sup>
- Technical Development – to design, develop, implement and test changes to AEMO's retail market systems.
- Market Readiness – to coordinate, assist and prepare NEM participants and AEMO for the start of the revised market arrangements, and to monitor and report on the preparation efforts.

This paper only considers matters that relate to **Industry Readiness Reporting** under the Market Readiness work stream. Further information on the Program, including past industry meeting papers, is available on the POC section of AEMO's website.<sup>3</sup>

## 1.2 Industry Readiness Reporting Plan

The POC Implementation Program requires significant interaction across industry, spanning a range of policy, business and technical topics. This interaction takes place through a range of industry groups and other governance forums, which facilitate communication, consultation and coordination.

AEMO, in collaboration with NEM participants, has developed a Market Readiness Strategy which sets out a plan for managing, coordinating, monitoring and reporting on AEMO and NEM participants' business systems preparedness for a seamless transition to new procedural arrangements starting on the "go-live" date.

A key document under the Strategy is this Industry Readiness Reporting Plan. The objective, purpose and scope of this Plan is set out below.

### 1.2.1 Objective of the Industry Readiness Reporting Plan

The objective of the Industry Readiness Reporting Plan is to facilitate readiness reporting throughout the implementation phase of the POC program and, as a consequence, provide AEMO, NEM participants and other interested POC stakeholders with an accurate assessment of industry's readiness for the POC "go-live" date.

### 1.2.2 Purpose of the Industry Readiness Reporting Plan

The purpose of the Industry Readiness Reporting Plan is to outline:

- The readiness criteria that AEMO and NEM participants will use to monitor the industry's operational readiness to implement the new procedural arrangements on the POC "go-live" date.

<sup>1</sup> See AEMC website, <http://www.aemc.gov.au/Major-Pages/Power-of-choice>.

<sup>2</sup> AEMO has established a POC Procedures Working Group to assist in progressing the POC program of work and deliverables, for Terms of References see AEMO website, <http://www.aemo.com.au/About-the-Industry/Working-Groups/Retail-Meetings/Power-of-Choice>

<sup>3</sup> See AEMO website, <http://www.aemo.com.au/About-the-Industry/Working-Groups/Retail-Meetings/Power-of-Choice>.



- AEMO's process for requesting, accepting and collating regular status reports from NEM participants on the progress of their market readiness activities and arising risks and issues.
- How AEMO will report to industry and other interested POC stakeholders, such as government officials, on the progress of market readiness activities for industry as a whole.

### 1.2.3 Scope of the Industry Readiness Reporting Plan

The following POC related rule changes are relevant to this Industry Readiness Reporting Plan:<sup>4</sup>

- Expanding Competition in Metering and Related Services (MC) rule change.<sup>5</sup>
- Meter Replacement Processes (MRP) rule change.<sup>6</sup>
- Embedded Networks (EN) rule change.<sup>7</sup>
- Updating the Electricity B2B Framework (B2B) rule change.<sup>8</sup>

## 1.3 Approach to development of the Industry Readiness Reporting Plan

### 1.3.1 Utilise the POC Readiness Working Group

AEMO will collaborate with NEM participants on the development of the Industry Readiness Reporting Plan via a series of meetings of the POC Readiness Working Group (POC-RWG). AEMO will establish the POC-RWG in August 2016.

In order to develop the Plan in a timely manner, AEMO and NEM participants must take all reasonable steps to provide continuity of representation at POC-RWG meetings, ideally with:

- A detailed understanding of the retail electricity market and POC program.
- Authorisation to consider matters, and provide views and commitments, on behalf of their organisation.

As per its terms of reference, POC-RWG working group members will be responsible for:

- The presentation and discussion of market readiness related subject matter, which they have gathered from internal experts (operations, regulatory and/or technical) across relevant business areas within their represented organisation.
- Internal communication of the Industry Readiness Reporting Plan within their represented organisation.
- Coordination of all relevant internal resources to fulfil the reporting activities detailed in the Industry Readiness Reporting Plan on behalf of their represented organisation.

### 1.3.2 Updates to the Industry Readiness Reporting Plan

The key milestones table (Section **Error! Reference source not found.**) lists four scheduled review points for the Industry Readiness Reporting Plan. The first review will occur after the first round of monthly reporting for the month of November 2016, followed by three scheduled reviews at quarterly intervals. AEMO will seek feedback from NEM participants at each review point, and update the Plan as required.

<sup>4</sup> See AEMC website, Power of Choice overview page, <http://www.aemc.gov.au/Major-Pages/Power-of-choice-for-a-link-to-the-final-rule-determinations-including-the-rules-as-made>. Also see Chapter 2 of AEMO's POC Market Readiness Strategy for an overview of the rule changes.

<sup>5</sup> Rule made; AEMC final rule determination published 26 November 2015.

<sup>6</sup> Rule made; AEMC final rule determination published 10 March 2016.

<sup>7</sup> Rule made; AEMC final rule determination published 17 December 2015.

<sup>8</sup> Rule made; AEMC final rule determination published 30 June 2016.



## 1.4 About this paper

### 1.4.1 Structure of this paper

This paper is structured as follows:

- Chapter 2 details the key dates and milestones of industry reporting.
- Chapter 3 details the purpose of, and audience for, the industry readiness reporting.
- Chapter 4 details the readiness criteria.
- Chapter 5 details the industry readiness reporting process.
- Appendix A contains the readiness criteria.
- Appendix B contains the readiness assessment reports.

### 1.4.2 Reference documents

The following POC related documents are relevant to the Industry Readiness Reporting Plan. Where they do not currently exist, they will be created by AEMO in due course and discussed with NEM participants.

#	Document Name
1	Market Readiness Strategy
2	Accreditation and Registration Plan
3	Industry Transition and Cutover Plan <sup>9</sup>
4	Industry Testing Plan <sup>10</sup>
5	Industry Risk and Issue Management Plan <sup>11</sup>

<sup>9</sup> Outlines how existing AEMO and market participant systems will be managed during the transition and cutover period.

<sup>10</sup> Outlines the strategy and key dates/milestones for industry testing.

<sup>11</sup> Outlines the process used for identifying, tracking and addressing risks and issues during the implementation and post-implementation phases of the POC program.



## 2. KEY DATES AND MILESTONES

The Market Readiness Strategy details the key milestones for the POC Implementation Program and the Market Readiness work stream.

Key milestones for the development of the Industry Readiness Reporting (IRR) Plan are presented in the table below.

**Table 1 – Key milestones**

#	Milestone	Indicative date	NEM Participant
1	AEMO circulates first draft of the IRR Plan	29 Jul 2016	AEMO
2	POC workshop – review first draft of the IRR Plan	5 Aug 2016	All
3	Participant feedback on first draft of IRR Plan due to POC@aemo.com.au	19 Aug 2016	All
4	AEMO circulates second draft of the IRR Plan	1 Sep 2016	AEMO
5	POC workshop – review second draft of the IRR Plan	8 Sep 2016	All
6	Participant feedback on second draft of IRR Plan due to POC@aemo.com.au	22 Sep 2016	All
7	AEMO circulates finalised IRR Plan (version 1.0)	6 Oct 2016	AEMO
8	POC workshop – AEMO presents the finalised IRR Plan (version 1.0)	13 Oct 2016	All
9	Monthly reporting commences	14 Nov 2016	All
10	POC workshop – debrief on first round of monthly reporting, and review and update the IRR Plan (if required)	28 Nov 2016	All
11	POC workshop – review and update the IRR Plan (if required)	March 2017	All
12	POC workshop – review and update the IRR Plan (if required)	June 2017	All
13	POC workshop – review and update the IRR Plan (if required)	September 2017	All
14	Go-live” date for POC reforms	1 Dec 2017	All



### 3. READINESS REPORTING PURPOSE

The POC Implementation Program is a major work program requiring amendment and/or creating of NEM procedures, business systems and supporting processes in preparation for the “go-live” date for the revised market arrangements on 1 December 2017.

The purpose of regular readiness reporting is to provide AEMO, NEM participants and other interested POC stakeholders with:

- An accurate assessment of the overall operational readiness of the market for the “go-live” date.
- Early visibility of risks and issues impacting operational readiness.

It will provide an opportunity to expose any operational readiness issues and allow these to be addressed prior to the “go-live” date.

#### 3.1 Operational readiness for “go-live”

Market readiness is dependent on a large number of parties – both individually and collectively – being ready to operate under the revised market arrangements from the “go-live” date. As the “go-live” date is written into the National Electricity Rules (NER) as a result of the AEMC rule changes, there is no “go/no-go” decision for the POC Implementation Program.

However, an awareness of the overall state of industry readiness is important for the management of AEMO and NEM participants’ respective POC implementation programs – for project planning, prioritising tasks, and developing contingency plans.

Readiness criteria will be used to provide a standardised basis for monitoring the overall state of industry readiness. AEMO and NEM participants will be expected to report progress against each of the readiness criteria on a monthly basis from November 2016 until the “go-live” date.

This structured, scheduled and consistent reporting on operational readiness across industry will be used to provide meaningful updates to AEMO, NEM participants and other interested POC stakeholders.

It should be noted the assessment of operational readiness will also be informed by other inputs, including industry testing reports and advice from other POC working groups and forums, as appropriate.

#### 3.2 Risk and issues impacting operational readiness

AEMO’s “Industry Risk and Issues Management Plan” details the process AEMO and industry will use to identify, track and address risks and issues during the implementation and post-implementation phases of the POC Program. AEMO will summarise and report on any open high-rated risks and issues in its monthly readiness reporting.

Additionally, both AEMO and NEM participants will be expected to report on the following items in their monthly readiness reporting:

- Overall project risk rating for their respective organisations.
- Details of any factors causing activities to be at risk of being delivered on schedule, along with mitigating actions.

Early visibility of risk and issues will provide industry the opportunity to work together on mitigating actions, contingency plans and other work-arounds, as appropriate.



### 3.3 Reporting audience

AEMO will aggregate the information contained in NEM participants' monthly reports to produce a single monthly report for industry as a whole.

AEMO will make these monthly reports publically available via its website.

Additionally, these reports will be presented to meetings of the following bodies, as appropriate:

- POC Program Consultative Forum
- POC Executive Forum
- Retail Market Consultative Forum (RMCF)
- Information Exchange Committee (IEC)
- AEMO Board



## 4. READINESS CRITERIA

The readiness criteria are intended to guide AEMO and NEM participants in their efforts to prepare for the “go-live” date and provide a standardised basis for monitoring the overall status of industry market readiness. The readiness criteria cover the following reporting categories:

- Assessment and preparation
- Legal, regulatory, contractual and policy
- People
- Business processes
- Market systems
- Transition planning

AEMO and NEM participants will be asked to self-assess their readiness against a number of criteria in each of the reporting categories.

The section below describes, at a high-level, the readiness criteria within each reporting category.

The self-assessment process is described in Chapter 5.

The detailed readiness criteria are included in Appendix A.

### 4.1 Reporting categories

AEMO and each NEM participant will have their own respective implementation program to prepare their organisations for the POC “go-live” date and beyond. The extensiveness of this program for NEM participants will depend on a number of factors, including class of participant, size of participant, and whether they are a new or existing participant.

Therefore, the readiness questions that each organisation should be asking themselves, and the responses expected, will be defined by their individual business requirements.

Provided below is an indication of the type of questions that could be considered under each category.

#### 4.1.1 Assessment and preparation

The assessment and preparation category asks whether AEMO and NEM participants each have a plan in place to implement the POC changes, and that they have a high-level understanding of the changes required to their respective businesses:

- Has your implementation plan:
  - Been scoped, objectives set and a governance structure agreed?
  - Budget been approved?
  - Been resourced (manager, staff, contracts etc.)?
- Has a high-level impact assessment of the POC rule changes been performed? Does it include:
  - Legal / regulatory / contractual obligations introduced or modified?
  - Need for new/modified policies?
  - Need for new/modified business processes?
  - Need for new/modified business systems?



#### 4.1.2 Legal, regulatory, contractual and policy

The legal, regulatory, contractual and policy category asks whether AEMO and NEM participants have each undertaken an assessment of the changes required in these fields, and their progress in making these changes:

- Has an assessment of the legal and regulatory framework been performed, including of the NER and any jurisdictional regulations as applicable?
- Regarding internal policies and processes, have:
  - Internal policies and processes (e.g. safety) been assessed for change or completeness?
  - The necessary changes, or new policies, been developed, reviewed and approved?
- Regarding contracts and commercial arrangements, have:
  - Contracts and commercial arrangements been assessed for change or completeness?
  - The necessary changes to those contracts/arrangements, or new contracts/arrangements, been drafted, communicated and legally agreed?
- Regarding registration and accreditation requirements, have:
  - The market/operational roles requiring registration and/or accreditation being assessed?
  - The necessary registration and/or accreditation activities been completed?

#### 4.1.3 People

The people category asks whether AEMO and NEM participants have each considered any additional market/operational roles that may be required, or additional training needs, and their progress in filling these roles and delivering this training:

- Have market/operational roles and training needs been assessed for POC related changes?
- Has necessary recruitment, reassignment and training been undertaken?

#### 4.1.4 Business processes

The business category asks whether AEMO and NEM participants have each undertaken an assessment of the changes required to their respective business processes, and their progress in making these changes:

- Regarding business processes, have:
  - Business processes (e.g. operational processes, contingency plans) been assessed for change, and completeness?
  - The necessary changes to these business processes been developed, documented, validated and approved?

#### 4.1.5 Market systems

The market systems category asks whether AEMO and NEM participants have each undertaken an assessment of the changes required to their respective market systems, and their progress in making these changes:

- Regarding market systems specification, build and test, have:
  - Market system specifications and requirements been developed in line with the updated procedures and interfacing system requirements?
  - Market systems been built and tested internally?
  - Communications between AEMO and other relevant market participants been tested?
  - End-to-end processes been tested?



#### 4.1.6 Transition planning

The transition planning category asks whether AEMO and NEM participants have each developed internal transition and cutover plans that align with the overall industry co-ordinated transition and cutover plan:

- Regarding transition planning (e.g. transition and cutover plans in place), is a plan in place to:
  - Transition each business process from the previous regulatory arrangement to the new regulatory arrangement, including “in-flight” processes?
  - Cutover to new market systems?
  - Deal with any contingencies that arise during transition and cutover phase?
- Regarding transition activities, have any preparatory transition activities been undertaken, including:
  - Data migration and conversion?
  - Cutover dress rehearsals?



## 5. READINESS REPORTING PROCESS

AEMO and NEM participants will be expected to prepare monthly reports on the status of their market readiness activities. AEMO will provide each NEM participant with a template to facilitate the preparation of their own Readiness Assessment Report. AEMO will then aggregate the information contained in all Readiness Assessment Reports to produce a single Market Readiness Report.

The reporting process and the reports are described below. Reporting is expected to commence from November 2016.

### 5.1 Reporting self-assessment process

AEMO and NEM participants will each be required to self-assess their operational readiness against multiple criteria in each reporting category. AEMO will not be validating NEM participants' self-assessments when preparing the aggregated monthly report on readiness for industry as a whole.

#### 5.1.1 Reporting parties

AEMO and NEM participants will each be requested to complete a monthly Readiness Assessment Report, and submit the completed reports to AEMO for collation. NEM participants requested to complete these reports include:

- Retailers
- Distribution network service providers
- Metering service providers (metering providers (MPs), metering data providers (MDPs), metering coordinators (MCs))
- Embedded Network Managers (ENMs)
- Third Party B2B Participants

Where appropriate, some participants may decide to work together with other similar participants under a joint implementation program. In this case, the participants may decide to provide one expanded Readiness Assessment Report covering multiple participants.

#### 5.1.2 Readiness criteria applicability

Many of the reporting categories, as listed in Chapter 4, are likely to be monitored by AEMO and NEM participants on a regular frequency for the purpose of informing, and reporting to, their own management on the progress of their implementation program.

However, not all readiness criteria will be relevant for every organisation. Accordingly, progress reporting against criteria in the template is only required where information exists and is appropriate for the participant in terms of needing to deploy a readiness activity/task that is necessary to ensure they can comply with their regulatory obligations from the POC "go-live" date.

#### 5.1.3 Readiness criteria milestones

As each readiness criteria may have multiple activities associated with it, AEMO and NEM participants will each be required to report their progress toward completing these multiple activities on a whole (using percentage progress), compared with schedule within their own implementation program (using traffic-light status). Readiness reporting does not extend to the detailed level of assigning milestones to each activity, noting that:

- Some activities will have a defined industry-wide milestone (i.e. industry testing). These industry-wide milestones will be detailed in the associated readiness plans that sit under the Market



Readiness Strategy (i.e. Industry Testing Plan, Transition and Cutover Plan, Accreditation and Registration Plan).

- Other activities will have participant-defined milestones based on their own implementation program (i.e. delivery of training to market/operational roles, amendment of contracts and commercial arrangements).

#### 5.1.4 Readiness criteria metrics and target levels

Progress achieved by AEMO and NEM participants in delivering their respective activities associated with each readiness criteria will be measured in percentage (%) terms.

The target level for each readiness criteria is 100% completion by the “go-live” date. It is important to note that these target levels do not feed into a “go-live” decision for industry as a whole, as the “go-live” date of 1 December 2017 is set in the NER. Progressive target levels (e.g. monthly targets) are not included in the template, as these will vary and be specific to each organisation given the nature of their obligations in the market and, therefore, would be reflected in each organisation’s implementation plan in order to be ready to comply with the revised market arrangements from the “go-live” date.

Some readiness criteria are easily quantified (e.g. procedures finalised), whereas others are – by necessity – qualitative and rely on a degree of judgement, (e.g. identification of ‘required’ personnel). As such, the overall assessment of metrics and targets combined should be considered as providing high-level guidance on the progress of market readiness.

#### 5.1.5 Validation

Reporting will rely on a self-assessment of readiness by AEMO and each NEM participant. That is, NEM participants should not expect AEMO to validate the accuracy of information submitted in participants’ Readiness Assessment Reports prior to the creation of the aggregated Market Readiness Report by AEMO.

However, it is expected that each participant will report in a true and honest manner based on information that is current as at the time of reporting.

At times, participant readiness will be validated using other means, such as industry testing or via accreditation processes.

### 5.2 Reporting by AEMO and NEM participants – Readiness Assessment Report

AEMO will provide itself and each NEM participant with a common template to facilitate the preparation of their own Readiness Assessment Report. An example Readiness Assessment Report has been included at Appendix B.

The Readiness Assessment Report will contain a number of criteria for participants to self-assess their readiness against. The criteria are grouped into overall readiness categories, as listed in Section 3.1.

Participants will report on the following:

- Progress – reported against individual criteria.
- Status – reported against individual criteria.
- Explanation of variance – for any criteria where the status rating is **“at risk”** or **“not within schedule”**.
- Mitigating actions – for any criteria where the status rating is **“at risk”** or **“not within schedule”**.
- Project status – overall traffic light status for project, with comment.
- Risk rating – overall project risk rating, with comment.



Please note that as AEMO and NEM participants' Readiness Assessment Reports will be aggregated into AEMO's Market Readiness Report and made available to other working groups/forums and key stakeholders via AEMO's website, NEM participants should not include confidential information in their reports. Any confidential information should be provided to AEMO separately and clearly marked as confidential.

### 5.2.1 Progress

Progress will be reported against each individual readiness criteria, using one of the following levels:

- Progress – 0% (not started), 25% complete, 50% complete, 75% complete, 100% (completed) or not applicable (N/A).

### 5.2.2 Status

Traffic light status will be reported against each readiness criteria, and the overall project, as follows:

- **Green** – Activity is **“within schedule”** / is meeting deliverable requirements.
- **Amber** – Activity is **“at risk”** of not being within schedule / not meeting deliverable requirements, and therefore corrective action may be required.
- **Red** – Activity is **“not within schedule”** / is not meeting deliverable requirements, and therefore immediate corrective action is required.
- **Completed** – Activity is completed.
- **N/A** – Activity is not applicable.

“Status” is used to provide context in relation to “Progress”, for example:

- **Progress** = 0%, **Status** = **“within schedule”** – indicates that the activity is not yet scheduled to commence, and based on current information it will be completed within schedule.
- **Progress** = 75%, **Status** = **“at risk”** – indicates that although the activity is nearing completion, there is currently some risk that it will not be completed as scheduled.

### 5.2.3 Explanation of variation and mitigating factors

An explanation of the variance, and any mitigating actions that are required to return the activity to schedule, will be provided for every criteria that is rated as **“at risk”** or **“not within schedule”**.

### 5.2.4 Project status

The Readiness Assessment Report will report on AEMO and NEM Participants' overall project status using traffic light ratings. This overall project status provides an assessment of the organisation's overall confidence in their ability to meet the “go-live” date.

It provides an assessment on how individual criteria impact their overall progress, for example:

- A participant may have multiple individual criteria **“at risk”** or **“not within schedule”**, yet are confident that they can undertake the necessary mitigating actions for the overall project to be **“within schedule”** at the “go-live” date.
- A participant may have only one individual criteria **“at risk”**, however this particular criteria is considered to be critical to the overall project (i.e. a “showstopper”) and, hence, puts the “go-live” date **“at risk”**.



### 5.2.5 Project risk rating

The Readiness Assessment Report will also be used to report on AEMO and NEM participants' overall project risk rating, using **Low**, **Medium** and **High** levels.<sup>12</sup>

This project risk rating provides an assessment of the inherent risk under which the project is operating, for example:

- A participant may currently have their overall project status as “**within schedule**”, but are aware there is still a level of uncertainty regarding some fundamental assumptions which could put some timeframes at risk. In this case, the project risk rating will be “**Medium**” or “**High**”.

### 5.2.6 Reporting frequency

AEMO and each NEM participant will be expected to prepare their Readiness Assessment Report on a **monthly frequency**, with the first report expected to be created in mid-November 2016. The Readiness Assessment Report template report contains the date at which the reports are required to be emailed to AEMO via the **POC mailbox** ([poc@aemo.com.au](mailto:poc@aemo.com.au)).

## 5.3 Summary reporting by AEMO – Market Readiness Report

Aggregated reporting of market readiness will take place via AEMO's Market Readiness Report. AEMO will create the Market Readiness Report on a **monthly frequency**, with the first report expected to be created in late-November 2016 (i.e. after receipt of the organisational Market Readiness Reports).

### 5.3.1 Market Readiness Report content

AEMO will report on several industry-wide readiness criteria in its Market Readiness Report, as per Appendix A.

The Market Readiness Report will report separately on aggregated readiness criteria for:

- AEMO (see Table 3)
- All retailers
- All distributor network service providers (DNSPs)
- All metering service providers (MPs, MDPs, MCs)
- Other (ENM, Third Party B2B Participants)

The Market Readiness Report will detail the current status of readiness criteria for each participant group, together with an analysis of:

- Actual and potential gaps.
- Remedial action being taken to address these gaps.
- Risks to market operation if the gap is not remedied.
- Potential mitigation of these risks.

### 5.3.2 Aggregation of Participant Assessment Reports

In preparing the Market Readiness Report, AEMO will also aggregate information contained in individual Participant Assessment Reports across participant categories.

Aggregation of information will require some level of judgement. For example, if all but one retailer reports green “within schedule”, and one retailer reports red “not within schedule”, AEMO will need to aggregate to either green “within schedule”, amber “at risk”, or red “not within schedule”, for the overall retailer category status.

<sup>12</sup> Refer to AEMO's “Industry Risk and Issue Management Plan” for more details on risk and issue rating.

Factors that may be relevant to AEMO's considerations when aggregating information across multiple participants include:

- Participant market share.
- Likely overall impact on industry readiness.
- Likely ability to apply mitigating controls and work-arounds.

In the Market Readiness Report, AEMO will also provide tables with AEMO and each market participants' "raw" status, progress, comments and notes.

### 5.3.3 Market Readiness Report format

The Market Readiness Report will summarise overall industry progress (i.e. AEMO and NEM participants) against key project readiness criteria, in an easy-to-read dashboard format, using visual keys such as those shown below.

**Table 2 – Readiness indicator key**

Current progress		Current readiness status	
100% (completed)		<u>Harvey balls</u> (left) represent progress towards achieving the criterion. <u>Colour</u> (below right) indicates the readiness status.	
~75%			
~50%		Criterion is within agreed schedule and deliverable requirements (green).	
~25%		Criterion is at risk of not meeting requirements and corrective action may be required (amber).	
0% (not started)		Criterion not meeting requirements. Immediate corrective action required (red).	



## APPENDIX A. READINESS CRITERIA

**Table 3 – AEMO and NEM Participants Readiness Criteria**

#	Category	Criterion	Responsible
1. Assessment and preparation			
1.1	Assessment and preparation	Consequences of the POC reforms for your business considered, and appropriate implementation plans are in place	All
1.2		Key readiness planning documents delivered	AEMO
2. Legal, regulatory, contractual and policy			
2.1	Legal, regulatory, contractual and policy	Updated retail electricity market procedures and associated documents published	AEMO; IEC
2.2		Internal policies updated for consistency with jurisdictional regulations and requirements (e.g. safety)	NEM Participants
2.3		Operationally critical commercial contracts in place	NEM Participants
2.4		Accreditation and registration activities completed	NEM Participants
3. People			
3.1	People	Operational roles specified, assigned to staff, and training delivered	All
4. Business processes			
4.1	Business processes	Updated, validated and approved business processes in place	All
4.2		Successfully validated critical business processes during industry testing	All
4.3		Process work-arounds in place for any issues identified during industry testing	All
5. Market systems			
5.1	Market systems	Successfully tested market systems capable of being moved into production	All
5.2		Performance of, and communication between, market systems validated during industry testing	All
6. Transition planning			
6.1	Transition planning	Transition and cutover plan(s) in place	All
6.2		Prerequisite transition and cutover processes completed (e.g. trial data conversions and cutover dress rehearsals)	All



## APPENDIX B. READINESS ASSESSMENT REPORTS

**Table 4 – AEMO and Participant Readiness Assessment Criteria**

#	Category	Criteria: What is your progress towards completing...	Responsible
1. Assessment and preparation			
1.1	Assessment and preparation	A high-level impact assessment of the POC reforms on your business	All
1.2		POC implementation plans in place to prepare your business for compliance with the revised regulatory arrangements from the “go live” date	All
1.3		Delivery of the Market Readiness Strategy and associated plans	AEMO
2. Legal, regulatory, contractual and policy			
2.1	Legal, regulatory, contractual and policy	A detailed assessment of the revised legal and regulatory framework (including any jurisdictional safety requirements, as appropriate)	All
2.2		The development, documentation and approval of updated internal policies that are consistent with jurisdictional regulations and requirements (e.g. safety)	All
2.3		Amendments to all relevant contracts/commercial arrangements	All
2.4		An assessment of the required accreditation and registration activities	All
2.5		The fulfilment of accreditation and registration obligations	All
2.6		The publication of updated retail electricity market procedures and associated documentation	AEMO
3. People			
3.1	People	A detailed assessment of the human resources required to fulfil the operational functions for your business	All
3.2		The recruitment/assignment of human resources required to fulfil the operational functions for your business	All
3.3		The development and delivery of training to staff in operational roles	All
4. Business processes			
4.1	Business processes	A detailed assessment of business process impacts for your business	All
4.2		The development, documentation and approval of appropriate business processes for your business	All



#	Category	Criteria: What is your progress towards completing...	Responsible
4.3		The validation of business processes during industry testing	All
4.4		The delivery of POC training workshops to participants	AEMO
5. Market systems			
5.1	Market systems	A detailed assessment of the market system impacts for your business, including requirements specification and design of changes	All
5.2		The development and build of appropriate market systems for your business	All
5.3		The internal testing of market systems for your business	All
5.4		The testing of market system interfaces between AEMO and participants (including testing of credentials and connectivity, as appropriate)	All
5.5		The validation of performance of market systems during industry testing	All
6. Transition planning			
6.1	Transition planning	The preparation of a transition and cutover plan(s) for your business	All
6.2		The successful completion of prerequisite transition activities (e.g. data migration and conversions, cutover dress rehearsals)	All