

Released under FOI

Sonya Petreski

From: Copeland, Georgiana
Sent: Tuesday, 28 September 2021 1:23 PM
To: Develin, Liz; Hassan, Ali
Cc: Price, Jesse; Park, Rowena; Gall, Joanna; Burkitt, Blair
Subject: RE: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]
Attachments: AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021.nrl

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Thanks Liz.

We have made the tweak below. If you're comfortable, I will work with Janene to include Clare's signature and send off.

Georgie

We hope this will enable AEMO to progress and finalise development of the 2022 ISP in a timely and efficient manner. If you have any queries please do not hesitate to contact Blair Burkitt at blair.burkitt@aer.gov.au.

Yours sincerely

From: Develin, Liz <Liz.Develin@aer.gov.au>
Sent: Monday, 27 September 2021 3:17 PM
To: Hassan, Ali <Ali.Hassan@acc.gov.au>
Cc: Price, Jesse <Jesse.Price@aer.gov.au>; Park, Rowena <Rowena.Park@aer.gov.au>; Gall, Joanna <joanna.gall@aer.gov.au>; Copeland, Georgiana <georgiana.copeland@aer.gov.au>; Burkitt, Blair <blair.burkitt@aer.gov.au>
Subject: RE: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]

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Thanks Ali – I appreciate the changes. I'd suggest the letter ends a bit abruptly considering the close relationships between AER/AEMO and clare/Daniel. Georgie – perhaps you could add a bit of correspondence magic to make it read a bit more nicely (without changing the intent).

LD

From: Hassan, Ali <Ali.Hassan@acc.gov.au>
Sent: Monday, 27 September 2021 3:44 PM
To: Develin, Liz <Liz.Develin@aer.gov.au>
Cc: Price, Jesse <Jesse.Price@aer.gov.au>; Park, Rowena <Rowena.Park@aer.gov.au>; Gall, Joanna <joanna.gall@aer.gov.au>; Copeland, Georgiana <georgiana.copeland@aer.gov.au>; Burkitt, Blair <blair.burkitt@aer.gov.au>
Subject: RE: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]

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Hi Liz

The letter has been reviewed by Jo Gall (C&E) and suggested changes incorporated. In particular, we have removed the more formal reference to the AER not taking action at the tail end of the letter and made it more of a 'noted' tone, consistent with the ECC views.

Humble Regards
Ali

From: Develin, Liz <Liz.Develin@aer.gov.au>
Sent: Friday, 24 September 2021 12:34 PM
To: Price, Jesse <Jesse.Price@aer.gov.au>; Hassan, Ali <Ali.Hassan@acc.gov.au>; Park, Rowena <Rowena.Park@aer.gov.au>
Subject: FW: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]

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Team – would you mind ensuring that C&E review this letter and are comfortable.

Thanks

From: Hassan, Ali <Ali.Hassan@acc.gov.au>
Sent: Wednesday, 22 September 2021 3:54 PM
To: Savage, Clare <Clare.Savage@aer.gov.au>; Price, Jesse <Jesse.Price@aer.gov.au>
Cc: Develin, Liz <Liz.Develin@aer.gov.au>; Jolly, Stephanie <Stephanie.jolly@aer.gov.au>; Burkitt, Blair <blair.burkitt@aer.gov.au>; Grant, Janene <janene.grant@aer.gov.au>; Oliver, Justin <Justin.Oliver@aer.gov.au>
Subject: RE: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]

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Hi Clare

 Also its not strictly a LONA as we have tried to strike a balance in the letter by agreeing with AEMO's proposed approach and at the same time commenting on the fact that we do not intend to take further action regarding compliance requirements associated with AEMO undertaking an ISP Update.

Best Regards
Ali

From: Savage, Clare <Clare.Savage@aer.gov.au>
Sent: Wednesday, 22 September 2021 3:34 PM
To: Price, Jesse <Jesse.Price@aer.gov.au>
Cc: Develin, Liz <Liz.Develin@aer.gov.au>; Jolly, Stephanie <Stephanie.jolly@aer.gov.au>; Burkitt, Blair <blair.burkitt@aer.gov.au>; Hassan, Ali <Ali.Hassan@acc.gov.au>; Grant, Janene <janene.grant@aer.gov.au>; Oliver, Justin <Justin.Oliver@aer.gov.au>
Subject: RE: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]

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Thanks Jesse. I'm fine with the letter but did you run it past C&E? They're not mentioned in the brief. Also does this constitute a "no action" letter? I thought we were going to draft it in such a way that it responded to AEMO without formally constituting a "no action" letter given our preference to move away from these. It's probably ok if it is a LONA but I'd just like to understand this.

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From: Price, Jesse <Jesse.Price@aer.gov.au>
Sent: Thursday, 16 September 2021 2:33 PM
To: Savage, Clare <Clare.Savage@aer.gov.au>; Haseltine, Chloe <chloe.haseltine@aer.gov.au>
Cc: Develin, Liz <Liz.Develin@aer.gov.au>; Jolly, Stephanie <Stephanie.jolly@aer.gov.au>; Burkitt, Blair <blair.burkitt@aer.gov.au>; Hassan, Ali <Ali.Hassan@acc.gov.au>; Grant, Janene <janene.grant@aer.gov.au>
Subject: FOR REVIEW : AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021 [SEC=OFFICIAL]

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Hi Clare

Please find attached for your review our response to the letter from AEMO recently.

As a brief background, we took this matter to ECC on 31 August 2021 which endorsed sending a response to AEMO. The ECC minute is set out below:

31 August oral update – ECC Minute

The Committee endorsed sending a letter to AEMO:

- confirming that the AER is comfortable with AEMO's approach to rely on 2022 ISP stakeholder consultation to publish an ISP Update alongside draft 2022 ISP in December 2021,
- no action would be taken in respect to any non-compliance with the requirement of AER's Forecasting Best Practice Guidelines to consult on a draft ISP update separately and
- AEMO should notify stakeholders of its approach to preparing and publishing the ISP Update in December 2021, without undertaking a separate consultation process.



Price, Jesse has shared a document with you

[AEMO - Daniel Westerman letter - Humelink - Draft Corro Memo - August 2021.docx](#)

See attached file, plus link in body

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Jesse Price

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Strategic Communications and Engagement Branch
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**CORRESPONDENCE MEMO****To:** Clare Savage, Chair**From:** Daniel Westerman**Date received:** 24 August 2021**Due date:** TBC**Channel:** Letter**Proposed Response:** via email**From:** Dr Liz Develin**Summary:**

- AEMO wants to finalise the regulatory approval process for HumeLink.
- TransGrid has indicated it will request AEMO to carry out a 'feedback loop' assessment of the HumeLink preferred option under the new ISP Rules. AEMO is required to assess the HumeLink PACR preferred option under the feedback loop rules against the most recent ISP (i.e. the 2020 ISP) which includes any ISP update.
- AEMO propose to use the most up-to-date basis for a feedback loop assessment, based on the 2021 Inputs, Assumptions and Scenarios Report (2021 IASR) published in July 2021. The necessary ISP update would involve a one stage consultation process (Appendix B Forecasting Best Practice Guidelines (FBPG)) and the content would be required to include the 'description and impact' of any new information (NER 5.22.15).
- AEMO has stated that it completed significant consultation during the development of the 2021 IASR and the ISP methodology as part of the 2022 ISP process.
- AEMO therefore does not believe that any further consultation would substantially improve an ISP update separate to the development of the Draft 2022 ISP. AEMO thus believes that it is an efficient and effective process to issue an ISP update by using the Draft 2022 ISP, scheduled for release in December 2021.
- AEMO seeks our confirmation in writing that the approach outlined above is acceptable to the AER and that no action would be taken in respect to any non-compliance with the requirement of the FBPG to separately consult on a draft ISP update.
- AEMO genuinely believes that extensive consultation for the 2021 IASR forms a robust basis for an ISP update without the need to separately publish a draft ISP update.

Consulted:

- Blair Burkitt, Ali Hassan, Stephanie Jolly, David Ball (RLU), Joanna Gall (C&E)

Next steps:

- Draft response prepared and reviewed
- Response sent by email



DRAFT RESPONSE

XXX September 2021

Mr Daniel Westerman
Chief Executive Officer
AEMO
Level 22 530 Collins Street
Melbourne VIC 3000

Dear Mr Westerman

Thank you for your letter dated 24 August 2021 outlining AEMO's proposed approach to publishing an Integrated System Plan (ISP) Update alongside the draft 2022 ISP in December 2021. In particular, you have sought confirmation that the proposed approach outlined in your letter is acceptable to the AER.

As you are aware, under the National Electricity Rules (NER), for an actionable ISP project, the RIT-T proponent must seek confirmation (referred to as the ISP feedback loop) that the preferred option in its Project Assessment Conclusions Report (PACR) is consistent with the optimal development path (ODP) in the most recent ISP (as amended by any ISP Update).

TransGrid completed its PACR for its Humelink RIT-T on 29 July 2021 and stated that it intends to seek AEMO confirmation that the preferred option is consistent with the ODP in the most recent ISP. For the purposes of this confirmation, the most recent ISP is the 2020 ISP, unless there is an ISP Update.

Based on the information provided in your letter, we understand that:

- AEMO considers that the most recent 2020 ISP should not be used to confirm whether the preferred option in the Humelink RIT-T is consistent with the ODP on the basis that the relevant inputs and assumptions have changed significantly since the publication of 2020 ISP.
- AEMO instead proposes to use the most up-to-date information for a feedback loop assessment, based on the 2021 Inputs, Assumptions and Scenarios Report (2021 IASR) published in July 2021.
- Clause 5.22.15 (c) of the NER and the AER's Forecasting Best Practice Guidelines (FBPG) require AEMO to follow a single stage consultation process, as set out in our FBPG, when undertaking an ISP Update.
- AEMO has completed consultation and finalised the 2021 IASR and the ISP methodology as part of the 2022 ISP process. Therefore AEMO does not believe that any further consultation as required by our FBPG would substantially improve an ISP Update separate to the development of the Draft 2022 ISP.
- AEMO believes that it is an efficient and effective process to issue an ISP Update by using the Draft 2022 ISP, scheduled for release in December 2021.

The AER notes AEMO's position to not undertake consultation to issue an ISP Update in the manner outlined above and, in accordance with the consultation requirements set out in the

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NER and AER's FBPG. The AER recognises that that there is likely to be limited value in undertaking a separate consultation process for the purposes of the ISP Update considering the recently completed consultation undertaken during the development of 2021 IASR and the ISP methodology. However, before issuing the Draft 2022 ISP, we expect AEMO to notify stakeholders about its proposed approach.

We hope this will enable AEMO to progress and finalise development of the 2022 ISP in a timely and efficient manner. If you have any queries please do not hesitate to contact Blair Burkitt at blair.burkitt@aer.gov.au.

Yours sincerely

Clare Savage
AER Chair



24 August 2021

Ms Clare Savage
Chair
Australian Energy Regulator

FROM THE OFFICE OF THE
CHIEF EXECUTIVE OFFICER

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8010

Dear Ms Savage

Compliance with Forecasting Best Practice Guidelines for ISP update consultation

Further to our recent good discussions and the constructive work between our respective teams, we wanted to finalise the regulatory approval process for HumeLink through this letter.

TransGrid has indicated it will request AEMO to carry out a 'feedback loop' assessment of the HumeLink preferred option under the new ISP Rules. AEMO is required to assess the HumeLink PACR preferred option under the feedback loop rules against the most recent ISP (i.e. the 2020 ISP) which includes any ISP update.

We propose to use the most up-to-date basis for a feedback loop assessment, based on the 2021 Inputs, Assumptions and Scenarios Report (2021 IASR) published in July 2021. As you are aware, the necessary ISP update would involve a one stage consultation process (Appendix B Forecasting Best Practice Guidelines (FBPG)) and the content would be required to include the 'description and impact' of any new information (NER 5.22.15).

As we have discussed, AEMO has completed significant consultation during the development of the 2021 IASR and the ISP methodology as part of the 2022 ISP process. We therefore do not believe that any further consultation would substantially improve an ISP update separate to the development of the Draft 2022 ISP. We thus believe it is an efficient and effective process to issue an ISP update by using the Draft 2022 ISP, scheduled for release in December 2021.

I look forward to your confirmation in writing that the approach outlined above is acceptable to the AER and that no action would be taken in respect to any non-compliance with the requirement of the FBPG to separately consult on a draft ISP update. We genuinely believe the extensive consultation for the 2021 IASR forms a robust basis for an ISP update without the need to separately publish a draft ISP update.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Daniel Westerman', with a long horizontal flourish extending to the right.

Daniel Westerman
Chief Executive Officer