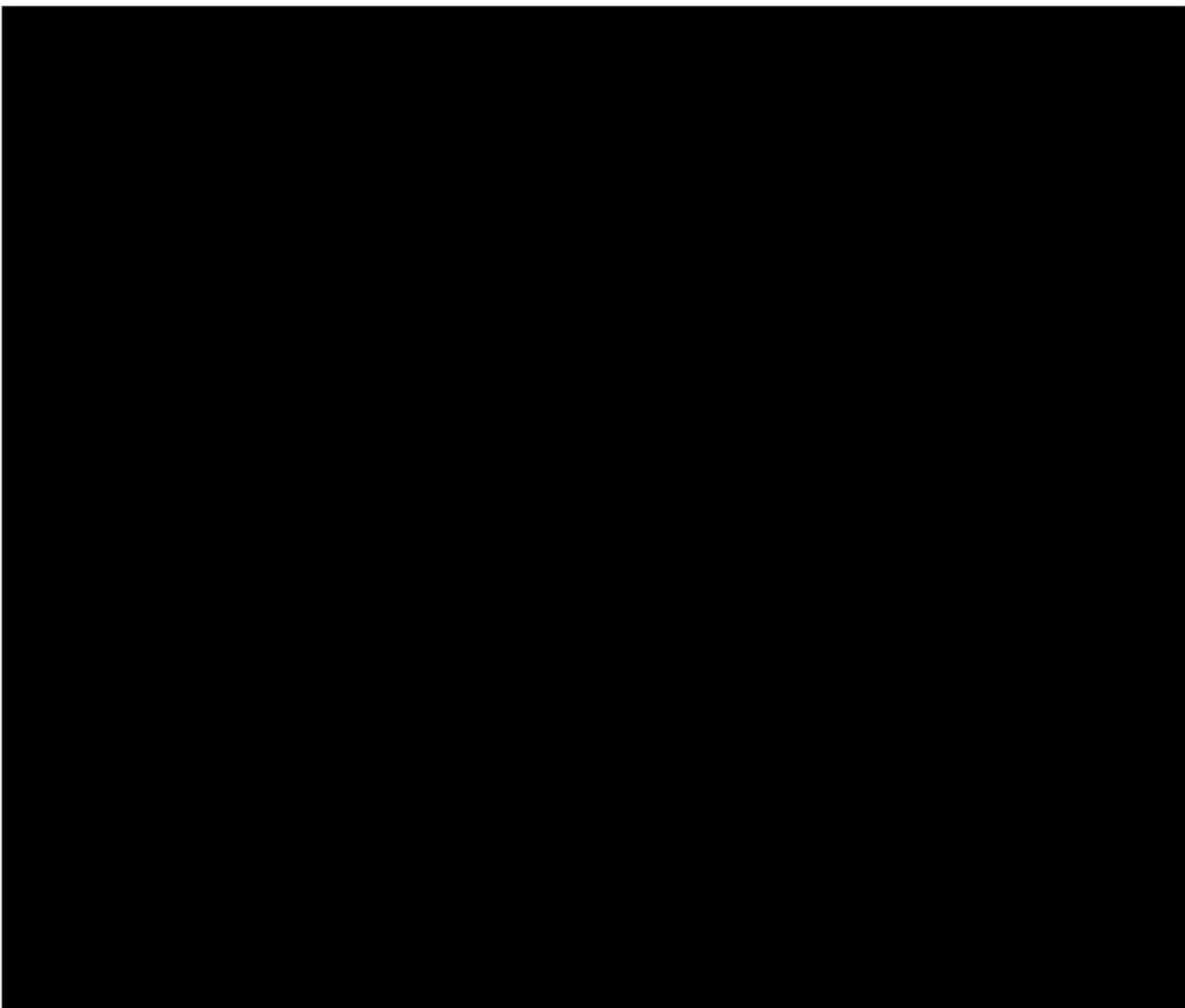


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From: [REDACTED] <[REDACTED]@aemo.com.au>

Sent: Tuesday, 24 August 2021 2:47 PM

To: Savage, Clare <Clare.Savage@aer.gov.au>

Cc: Grant, Janene <janene.grant@aer.gov.au>

Subject: Letter: Combined ISP update consultation

Dear Ms Savage

Please find attached correspondence from Daniel Westerman regarding the ISP update consultation.

Kind regards

[REDACTED]
Executive Assistant to
Daniel Westerman | Chief Executive Officer
Australian Energy Market Operator

P: [REDACTED]

[REDACTED] <[REDACTED]@aemo.com.au | www.aemo.com.au

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In response to the COVID-19 pandemic, AEMO has adopted digital and remote ways of working to protect our people and critical operations.

Please be aware that most meetings will now be conducted digitally, preferably using WebEx, to minimise physical contact and allow business to continue.

Given the dramatic increase in load on our systems, please bear with us while we work through any technical issues that may result.

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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:
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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', written over a horizontal line.

Daniel Westerman
Chief Executive Officer