



INFORMATION AND COMMUNICATIONS TECHNOLOGY

MARKET COMPLIANCE

PAL BUS 7.09 – PUBLIC
2026–31 REGULATORY PROPOSAL

Table of contents

1. Overview	2
2. Background	3
2.1 Shared IT systems	4
3. Identified need	5
4. Option analysis	6
4.1 Risk monetisation framework	6
4.2 Option one – do nothing	7
4.3 Option two – maintain compliance	8
5. Recommendation	10
A AEMO industry change forum	11

1. Overview

We operate under a large number of rules and obligations that define our internal and external processes, including what data and support our IT systems must provide. These rules and obligations are periodically reviewed and amended by government bodies and regulators, to ensure suitability in a changing energy market. The majority of amendments require us to make changes to our IT Market Systems to ensure we remain compliant with new regulatory obligations. In this business case, we consider the smaller unidentified periodical updates to the National Electricity Rules (the Rules) and obligations. Larger structural changes, such as the Post 2025 National Electricity Market (NEM) reforms lead by AEMO, are considered in a separate non-recurrent business case¹.

Since 2021, we have seen an increased number of modifications to improve operations, controls and processes in the Retail Electricity Market Procedures Framework when compared to the previous regulatory period. We anticipate that during financial years 2026-2031 we will see a continuation of these amendments.

The amendments associated with the current regulatory period have mostly related to keeping up with technological change, and ensuring customer protections, in a fast-changing technological environment. As the energy market continues to evolve and the integration of distributed energy resources increases, we anticipate further amendments to our regulatory obligations. We will need to update our IT systems to ensure compliance with each new obligation, allowing us to continue to provide a safe and reliable electricity supply.

We considered two options for addressing the identified need:

1. **Do nothing** – under this option we would not invest in system and process amendments to meet new regulatory obligations.
2. **Maintain compliance** – undertake the necessary changes to meet new regulatory obligations.

Option two is recommended as it ensures we able to meet our regulatory obligations across the 2026-31 regulatory period. The costs of each option are provided in the table below.

TABLE 1 OPTIONS ANALYSIS SUMMARY (\$M, 2026)

#	OPTION	CAPEX	OPEX
1	Do nothing	-	-
2	Maintain compliance	23.0	-

Note: this includes costs and benefits associated with CitiPower and Powercor

¹ PAL BUS 7.03 - AEMO NEM reforms - Jan2025 - Public

2. Background

We operate under an amalgamation of rules and obligations that define our internal and external processes, including what data and support our IT systems must provide.

Our regulatory obligations change regularly over time to ensure currency and suitability of the regulatory framework in an evolving energy market. The smaller unidentified periodical updates to our obligations that are the subject of this business case. They are administered by a number of government bodies and regulators including:

- The Australian Energy Markets Commission (AEMC)—responsible for the development of the Rules
- the Australian Energy Regulator (AER)—monitors and implements the Rules, including providing guidelines for the implementation of the Rules
- the Australian Energy Market Operator (AEMO)—governs what data must be provided for the operation of the NEM under the Rules with multiple guidelines and procedures
- the Essential Services Commission of Victoria (ESC)—governs the services we must provide to customers, including frequency and type of notifications for outages
- the Victorian Government—governs the overall energy market in Victoria.

There are also additional bodies that can review and change our regulatory obligations such as the Australian Competition and Consumer Commission (ACCC).

Table 2 summarises the key change to our obligations since 2021.

TABLE 2 RECENT CHANGES IN REGULATORY OBLIGATIONS

INDUSTRY CHANGES	CHANGE DELIVERED	INITIATED BY
Industry Change Forum (ICF) modifications	Implemented diverse changes to improve operation and efficiency of services to customers. By making the required system changes we are able to meet new procedural changes and maintain compliance with existing procedures. Further detail on the ICF changes are provided in Appendix A.	AEMO

Customer switching	Enabled end customers to switch retailers and access products and services they need in a shorter timeframe.	AEMO
Business to Business (B2B) procedural changes	Improvements in B2B processes for customer data, the provision of accurate meter data, customer service orders and market communications.	AEMO
Market standing data review changes	These changes ensured we have the correct information in MSATS ² which enables AEMO and the market to settle. It also ensures the retailer has access to update to date site data when speaking to customers i.e., retailer meter number verification	AEMO
ACCC Customer Data Rights (CDR)	A system change was made so that the market is advised of the last consumer change date associated with a NMI ³ . A transaction is sent to the market which effects a change in MSATS. The CDR reform was designed to offer Australians greater control over their data and empower consumers to choose from a range of tailored and innovative products and service which are facilitated by access to their data.	ACCC
Premium feed in tariff cessation	The Victorian solar premium feed-in tariff (PFIT) started in late 2009 and closed to new applicants at the end of 2011. The scheme offered eligible households, businesses, and community organisations with small-scale solar systems of five kilowatts or less a credit of at least 60 cents per kilowatt hour for excess electricity fed back into the grid. The scheme ceased in November 2024 and customers were moved to a corresponding tariff.	ESC

2.1 Shared IT systems

This business case covers IT expenditure related to both CitiPower and Powercor. Due to long term common ownership of these distribution businesses over time we have brought together CitiPower's and Powercor's IT systems to enable the lowest cost delivery of our IT requirements. For example, when we are required to make changes to our business processes we are only required to make these changes once, rather than having to make similar changes across two separate IT systems.

² MSATS - Market Settlements and Transfer Solution provided by AEMO

³ NMI – National metering identifier

3. Identified need

We have a need to ensure compliance with all current and future regulatory obligations that may occur over the 2026-31 regulatory period.

As the energy market continues to evolve, the Rules and obligations under which we operate will change to ensure currency and relevance of the regulatory framework. While the AEMC and other government and regulatory bodies will continue to make structural changes to the Rules, smaller unidentified period changes to regulated guidelines, procedures and obligations will also continue over time, to improve the implementation of the Rules and deliver best-practices processes. We anticipate that during financial years 2026-2031 we will see a continuation of these amendments.

The amendments associated with the current regulatory period have mostly related to keeping up with technological change, and ensuring customer protections, in a fast-changing technological environment. As the energy market continues to evolve and the integration of distributed energy resources increases, we anticipate further amendments to our regulatory obligations. We will need to update our IT systems to ensure compliance with each new obligation, allowing us to continue to provide a safe and reliable electricity supply and avoid financial penalties.

Additionally, any press coverage related to any non-compliance with NEL/the Rules may adversely affect the reputation of the businesses in addition to a financial penalty.

4. Option analysis

We have considered two options to ensure compliance with anticipated new regulatory obligations.

1. **Do nothing** – under this option we would not invest in system and process amendments to meet new regulatory obligations.
2. **Maintain compliance** – undertake the necessary changes to meet new regulatory obligations.

The costs of each of the options is presented in Table 3, and set out in further detail in our attached cost model.⁴

TABLE 3 OPTIONS ANALYSIS SUMMARY (\$M, 2026)⁵

#	OPTION	CAPEX	OPEX
1	Do nothing	-	-
2	Maintain compliance	23.0	-

Note: this includes costs and benefits associated with CitiPower and Powercor

4.1 Risk monetisation framework

To assess our investment options, we worked with EY to develop an ICT risk framework.⁶

Table 4 provides a summary of each risk category included in our framework.

TABLE 4 RISK FRAMEWORK SUMMARY

CATEGORY	DESCRIPTION
Reliability	Risks related to events or failures that cause unforeseen impacts to electricity supply or export capability. For example, customer supply or solar export
Compliance	Risks of regulatory, legal, or financial penalties due to failure in meeting compliance obligations, such as delays in publishing key market data or unauthorised access to sensitive data
Bushfire	Risks that outages of critical operational systems may increase bushfire likelihood by impairing visibility of the network and timely decision-making
Safety	Risks affecting public and staff safety, such as loss of supply impacting life-support customers or disruptions to protective systems

⁴ PAL MOD 7.16 - Market compliance cost - Jan2025 - Public

⁵ Forecast expenditure relates to CitiPower and Powercor.

⁶ PAL ATT 7.02 - EY - IT risk monetisation framework - Jan2025 - Public

Customer experience	Risks where customer interactions are impacted, such as outages of customer-facing IT systems
IT outage	Risks of systems becoming unavailable due to poor infrastructure maintenance or resource constraints, resulting in prolonged downtimes or outages
IT suitability and sustainability	Risks arising from legacy systems that are prone to failures, inefficiencies, and incompatibilities. These systems may lead to increased maintenance costs, failures, and cyber vulnerabilities if not updated

4.2 Option one – do nothing

Under option one, do nothing, we would not make any changes to our IT systems in response to a regulatory change. While this option does not have any capital expenditure associated, it is not a viable option as it does not enable us to meet our regulatory obligations. Failure to comply would result in financial penalties, poorer customer outcomes, reduced supply reliability and compromise safety. In the worst case, it may result in NEM disruptions. Failure to deliver the changes would also mean that the benefits driving the change could not be realised by other NEM participants.

The case studies below are examples of a past regulatory change and the non-financial risks associated with non-compliance.

Case study 1 – B2B updates version 3.8

Effective May 2023, AEMO introduced a change to the B2B procedures with respect to managing the de-energisation (De-en) and re-energisation (Re-en) between two service providers (DNSP⁷ and MC⁸). This change was introduced to mitigate the risk of customers being left off supply. Notified party transactions became mandatory for all De-en and Re-en service orders to ensure all parties are aware of the energisation status of a site.

Case study 2 – MSATS Standing Data Review

During 2022 AEMO directed changes were introduced to the structure and content of standing data for MSATS. These changes were made to ensure key information about a customer's site including metering details and responsible parties is standardised, complete and accurate.

Case study 3 – Customer Switching

The introduction of a rule change by the AEMO to speed up the process for customers to transfer to a new retailer required system amendments to meet our obligations. The old process resulted in customers having to wait longer to access products and services they want. Under the new process, customers can transfer between retailers within two business days. Failure to make the system changes to enable compliance would have had a negative impact to the customer experience and resulted in non-compliance with the rule change.

The table below summaries an assessment of option one against our key risk criteria.

⁷ DNSP – distribution Network Service Providers
⁸ MC - Metering Coordinator

TABLE 5 OPTION ONE RISK SUMMARY

#	RISK	DESCRIPTION
1	Reliability	Not applicable
2	Compliance	Risk of failure to meet regulatory / compliance requirements with associated financial penalties and risk of reputational damage. If the changes required under case study 2 had not been implemented, we would risk providing inaccurate standing data to market participants. Continued non-compliance with AEMO procedures would risk our future ability to transact in the NEM.
3	Bushfire	Not applicable
4	Safety	Not applicable
5	Customer experience risk	Procedures developed by AEMO to support the NEM define how customer requests are managed by market participants and are often changed to enhance the customer experience. By not implementing regulatory changes the associated customer experience improvements cannot be realised. Case study 3 provided customers with shorter timeframes to switch retailers and access services. Case study 1 refers to the B2B updates implemented during 2023. As a result, market participants are aware of the correct energisation status at a site so that customers are not unintentionally left off supply.
6	IT system outage	Not applicable
7	IT system suitability and system sustainability	Failing to make changes to IT system to ensure compliance would render them unsuitable.

There is no expenditure associated with option one.

4.3 Option two – maintain compliance

Option two maintains compliance with all anticipated new regulatory obligations during the 2026-31 regulatory period, including the necessary investment in updating IT systems to allow us to meet our new obligations. With each new obligation, we develop prudent and efficient system updates by working with the vendor to adopt a least cost solution while ensuring minimum compliance is met. We analyse various options, design the solution, and conduct appropriate testing. Our solutions are market tested and compared between possible vendors. The timing of each solution is developed to maximise on the latest available technology (i.e. performing the update as late as possible) while managing the risk of late implementation. The expenditure forecast associated with this option is based on historical outlay in this category over the past five years.

The table below summarises an assessment of option two against our key risk criteria.

TABLE 6 OPTION TWO RISK SUMMARY

#	SYSTEM	DESCRIPTION
1	Reliability	No applicable
2	Compliance	Implementing system changes so that regulatory obligations can be met will enable compliance with our obligations and remove the risk of financial penalties and reputational damage
3	Bushfire	Not applicable
4	Safety	Not applicable
5	Customer experience risk	Implementing system change so that regulatory obligations can be met enables implementation of changes to meet customer needs and reduces the risk of a negative customer experience.
6	IT system outage	Not applicable
7	IT system suitability and system sustainability	Executing the required IT system changes to ensure compliance would reduce the risk of systems being unsuitable.

The table below sets out the expenditure associated with option two.

TABLE 7 OPTION TWO EXPENDITURE FORECAST (\$M, 2026)

OPTION TWO	FY27	FY28	FY29	FY30	FY31	TOTAL
CitiPower	1.4	1.4	1.4	1.4	1.4	6.9
Powercor	3.2	3.2	3.2	3.2	3.2	16.1
Total	4.6	4.6	4.6	4.6	4.6	23.0

*Rounding may lead to discrepancies between individual network costs and total costs

5. Recommendation

Following our option analysis, we recommend progressing option two as this will enable a prudent and efficient approach to ensuring compliance with new regulatory obligations. It supports the delivery of NEM and customer benefits associated with rule or procedural changes while avoiding financial penalties associated with non-compliance.

Our recommendation also considered a number of general factors (e.g. project concurrency, resource availability, etc.) to ensure that the option selected and upgrade timing was pragmatic, actionable, and would have the highest probability of delivering a successful outcome.

Our proposed expenditure profile is provided in Table 8.

TABLE 8 RECOMMENDED OPTION EXPENDITURE FORECAST (\$M, 2026)

OPTION 2	FY27	FY28	FY29	FY30	FY31	TOTAL
CitiPower	1.4	1.4	1.4	1.4	1.4	6.9
Powercor	3.2	3.2	3.2	3.2	3.2	16.1
Total	4.6	4.6	4.6	4.6	4.6	23.0

A AEMO industry change forum

Background

The Electricity Retail Consultative Forum (ERCF) provides a platform where Participants operating in NEM, AEMO and interested parties can collaboratively participate in the enhancement of the Retail Electricity Market Procedures Framework.

The objective of the ERCF is to review and discuss market improvements that require changes to Retail Electricity Market Procedures and/or supporting documentation that enable AEMO and participants to fulfil their regulatory obligations and efficient market operation. The forum provides stakeholders with the opportunity to raise, discuss and address issues relating to the operation and functionality of the retail electricity market. AEMO, on behalf of the ERCF, create and maintain a Change Log, which is reviewed periodically. The Change Log forms the basis for AEMO's forward work program for electricity retail market changes. We are obligated to implement these changes to ensure compliance. The table below reflects mandated ICF changes delivered during the current regulatory reset period.⁹

TABLE 9 ICF CHANGES DELIVERED

ICF ID	ICF TITLE	EFFECTIVE DATE
ICF_M001	Defining obligations on the MC to have a process to detect illegal reconnections	1-May-22

⁹ Some ICF changes had manual process changes rather direct system impacts.

ICF#009	Define allowable values for Controlled Load field in MSATS	7-Nov-22
ICF#013	Change cancellation timeframe for CR6801	7-Nov-22
ICF#015	Metering Exemption Flag	1-May-22
ICF#016	Reinstate MC Objection of BadParty for Vic SMALL	7-Nov-22
ICF#018	RWD5 – 5 Minute ReadTypeCode - Add new Enumeration for 5-minute interval Meters	1-Oct-21
ICF#019	Metrology Procedure sampling methodology	1-May-22
ICF#020	Changes to the clause 4.2 of the SLP to avoid confusion with the terms validation vs verifications	1-May-22
ICF#021	Removal of End User Details from the Inventory table	1-May-22
ICF#023	Process when remote collection of metering data fails	1-May-22
ICF#025	Removal of 'N' Metering Data Quality Flag	1-May-22
ICF#027	Update ADL definition for consistency	1-May-22
ICF#028	In section 17.2 correct section reference and add process step to remove Failed Retailer MSATS user access.	1-May-22
ICF#029	Amend or revert definition of the Register ID field - Removing the requirement for the Register ID to match the NMI Suffix in MSATS as stated in the Standing Data for MSATS procedure.	1-May-22
ICF#030	Configuration of data channels and meter data obligations.	1-May-22
ICF#031	Definitions of SMALL and LARGE NMI Classification in MSATS CATS Procedures	7-Nov-22
ICF#032	Child NMI standing data quality - TNI and DLF	30-May-23
ICF#034	MDM and Understanding Load Profiles Changes	1-May-22
ICF#039	5MS: Net System Load Profile & CLP Cleanup	1-Oct-21
ICF#040	To update the CATS Procedures to include a proposed date as a mandatory field for the reversal change requests	1-Oct-21
ICF#042	New Reason Code for extreme events	1-May-22

ICF#045	Clarifications regarding Stage 2: Transaction Processing Requirements	1-May-22
ICF#046	Metrology Procedure Part A Clause 12.5 Clarification	1-May-22
ICF#047	Updating Network Tariff for a Greenfield NMI	30-May-23
ICF#048	Updating reference from AS60044 to AS61869	1-May-22
ICF#049	Update to allowable Controlled Load values	7-Nov-22
ICF#050	CATS NREG and GENERATR NMI Classifications	1-May-22
ICF#053	GPS Coordinates	7-Nov-22
ICF#054	Substitution Review	29-Sep-24
ICF#055	Clarifying when an embedded network code must be issued	30-May-23
ICF#059	Review of NMI Classifications	1-Nov-23
ICF#060	'Spikes' in settlement volumes within a 30-minute period	1-Oct-23
ICF#061	Incorrect 'Meter Manufacturer' and 'Meter Model' obligations associated to CR305x transactions in CATS Procedures v5.3	7-Nov-22
ICF#062	GPS Coordinates Value where no GPS coverage is available at the metering installation.	7-Nov-22
ICF#063	Additional Transformer Valid Values	7-Nov-22
ICF#064	Addition of the 'HouseNumberToSuffix' field	30-May-23
ICF#065	Removal of NMI Discovery Type 3 limitations	30-May-23
ICF#066	New 'CT Ratio Available' field values requested	7-Nov-22
ICF#067	Reviewing and updating file examples in the MDFF Specification document.	30-May-23
ICF#069	Standing Data MSATS Field Names (New fields in MSATS defined by a naming convention that does not align with the procedural field name)	1-Nov-23

ICF#070	Increase 'Building Name' Field Length in MSATS	1-Nov-24
ICF#072	SLP Longer-term Methodology	29-Sep-24
ICF#073	Metrology Part A – Summation Metering Changes	13-May-24
ICF#074	Update Procedure and System to allow the MDP to receive REJ notifications on CRs 5050 & 5051	1-Nov-23
ICF#075	Updated wording: CATS Procedure v5.6 LCCD FRMP Obligations (Section 2.2)	1-Nov-23
ICF#077	Auto population of the LCCD field by AEMO when the NMI Status gets updated from 'Greenfield' to 'Active'	4-Nov-24
ICF#078	Alignment of Addressing in B2M Procedures to AS4590.1.2017	4-Nov-24
ICF#079	NEM 12 MDFF Inconsistencies	4-Nov-24



For further information visit:



Powercor.com.au



CitiPower and Powercor Australia



CitiPower and Powercor Australia



CitiPower and Powercor Australia