

# COAG Energy Council

## Meeting Communique

Wednesday 19 December 2018

### **ENERGY MINISTERS MET TODAY IN ADELAIDE FOR THE TWENTY FIRST COAG ENERGY COUNCIL MEETING.**

*MINISTERS WELCOMED THE NEW TASMANIAN MINISTER FOR RESOURCES, BUILDING AND CONSTRUCTION, THE HON SARAH COURTNEY MP AND THANKED THE HON BEN WYATT MLA FOR HIS CONTRIBUTION TO THE COUNCIL.*

*MINISTERS DISCUSSED THE IMPORTANCE OF BRINGING POWER PRICES AND EMISSIONS DOWN WHILE PLANNING FOR THE FUTURE SECURITY AND RELIABILITY OF THE GRID.*

#### **Summer readiness and future challenges**

Ministers noted an update from Ms Audrey Zibelman on AEMO's Summer Preparedness activities. Ministers noted the importance of this work in ensuring security of supply in the National Electricity Market (NEM) this summer.

AEMO provided advice on priority work that needs to be undertaken to address ongoing security and reliability challenges. This included actions to: ensure enough dispatchable resources are available when needed; enable timely delivery of priority transmission projects; and continue to work towards integrating variable renewable energy and distributed energy resources in the NEM.

Ministers noted AEMO's update on the measures underway that deliver reliable, secure and more affordable energy and endorsed a program of work to maintain system reliability and security. Ministers asked the Energy Security Board to provide advice by 31 January 2019 on a more specific program of work to deliver these priorities, for out of session endorsement.

Ministers also agreed a work program for the ESB to develop advice on a long-term, fit-for-purpose market framework to support reliability that could apply from the mid-2020s.

#### **Reliability**

Ministers agreed to the final draft bill of National Electricity Law (NEL) amendments which will give effect to the Retailer Reliability Obligation, as presented by the Energy Security Board (ESB). The ESB will also progress a final package of Rules to be brought to Council for approval in the first half of 2019 to facilitate commencement of the Obligation by 1 July 2019.

The Retailer Reliability Obligation will incentivise investment in dispatchable generation to be available when and where it's needed most in the NEM. It is a long-term solution that will give Australians confidence that generation will be available to meet their electricity needs. Ministers also agreed to allow South Australia to enact state specific settings.

Ministers thanked the ESB for their continued efforts on the policy.

Council discussed a proposal to integrate climate and energy policy and whether to task the ESB to draft an emissions obligation for introduction into the NEL for consideration by COAG Energy Council as soon as practicable. SA has proposed this request be considered out of session in February 2019.

### **Transmission planning and coordination**

Ministers discussed progress on the Integrated System Plan (ISP) and agreed on an approach, set out by the ESB, to deliver Group 1 projects as soon as possible including rule changes to streamline regulatory processes. Ministers also tasked ESB to consider how these reforms could be applied to other priority projects such as the SA to NSW interconnector. The ESB will report back to Council by end March 2019 for a decision as soon as possible.

Ministers noted that a rigorous cost benefit analysis will be an essential part of the process to ensure costs to consumers are minimised, and agreed that the ESB do more work on further measures to operationalise the ISP including regular updates and re-assessments of Group 2 and 3 projects.

### **ACCC's Retail Electricity Pricing Inquiry**

Ministers discussed the importance of bringing power prices down to provide relief to households and small businesses. Ministers agreed to the adoption of a reference bill by 1 July 2019, as proposed in the ACCC's Retail Electricity Pricing Inquiry, in network regions that do not have a regulated standing offer price. The Australian Energy Regulator (AER) will jointly determine the price with the affected jurisdictions. Ministers noted that Victoria is introducing its own regulated price to be in place by 1 July 2019 and therefore Victoria has asked the Commonwealth to direct the AER to cease work in that jurisdiction.

This would help consumers get on a better deal by having a single reference bill against which they can compare other offers. Ministers agreed to commence work on preparing any necessary changes to support the design and enforcement of the measure, including potentially enacting the reference bill through Commonwealth law to ensure its implementation by 1 July 2019.

Ministers noted the states' and territories' position that Commonwealth legislation should not be used to set reference prices or otherwise regulate electricity pricing without the agreement of the relevant jurisdiction.

Ministers noted the ACCC's proposal to implement the Consumer Data Right in the NEM in the first half of 2020; noted the AER's approach in current regulatory determinations to increase the uptake of cost reflective pricing; and agreed to changes to the AER's information gathering powers and reforms to civil penalty regimes.

Ministers also noted progress on other ACCC recommendations including actions to increase transparency of over-the-counter trades, speed up customer switching and streamline price reporting.

### **Gas, hydrogen and appliances**

Ministers agreed to develop a national hydrogen strategy for consideration by the end of 2019.

Ministers agreed to regulatory impact statements on air conditioners and swimming pool pumps and to draft a regulatory impact statement for certain electrical appliances to be demand response enabled. Ministers also agreed to a Terms of Reference to commence a RIS process on gas pipeline regulation reform and to consult on ways to improve gas market transparency.

## Membership

The COAG Energy Council comprises Commonwealth, State, Territory and New Zealand Ministers responsible for energy and resources.

Commonwealth (Chair)	The Hon Angus Taylor MP Minister for Energy
Commonwealth	Senator the Hon Matthew Canavan Minister for Resources and Northern Australia
New South Wales	The Hon Don Harwin MLC Minister for Resources Minister for Energy and Utilities Minister for the Arts
Victoria	The Hon Lily D'Ambrosio MP Minister for Energy, Environment and Climate Change  The Hon Jaclyn Symes MLC Minister for Resources Minister for Regional Development
Queensland	The Hon Dr Anthony Lynham MP Minister for Natural Resources, Mines and Energy
Western Australia	The Hon Bill Johnston MLA Minister for Mines and Petroleum, Energy and Industrial Relations
South Australia	The Hon Daniel van Holst Pellekaan MP Minister for Energy and Mining
Tasmania	The Hon Guy Barnett MP Minister for Energy Minister for Primary Industries and Water Minister for Veterans' Affairs  The Hon Sarah Courtney MP Minister for Resources Minister for Building and Construction
Australian Capital Territory	Mr Shane Rattenbury MLA Minister for Climate Change and Sustainability
Northern Territory	The Hon Kenneth Vowles MLA Minister for Primary Industry and Resources  The Hon Nicole Manison MLA Treasurer Minister for Police, Fire and Emergency Services Minister for Business and Innovation
New Zealand	Hon Dr Megan Woods MP Minister of Earthquake Commission Minister of Energy and Resources Minister of Greater Christchurch Regeneration Minister of Research, Science and Innovation

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