

COAG Energy Council

Meeting Communique

Friday 20 March 2020

ENERGY MINISTERS MET TODAY VIA TELEPRESENCE FOR THE TWENTY-THIRD ENERGY COUNCIL MEETING.

MINISTERS DISCUSSED THE CHALLENGES FACING THE ENERGY SYSTEM AS A RESULT OF COVID-19 AND IMPORTANT MEASURES TO CONTINUE TO ENSURE THE RELIABILITY, SECURITY AND AFFORDABILITY OF THE GRID.

COVID-19

This has been one of the most challenging summers on record and Australia is now facing a new challenge with the Novel Coronavirus (COVID-19). Ministers discussed the need for a coordinated national approach to managing the impacts of COVID-19 in the energy sector, and agreed that governments and industry need to work together to respond effectively to these unprecedented challenges.

Ministers agreed that governments and industry will work together in a number of key areas, and will be supported by emergency management arrangements adapted to meet the needs of the current situation. This includes the COAG Energy Council and the newly established National Coordination Mechanism. Ministers agreed to convene the first Energy Coordination Mechanism from next week, bringing together senior executives from governments and industry.

Ministers noted there needs to be continued engagement between government and industry across the energy sector. This cooperation will be important to allow governments and industry to ensure the energy sector continues to support the economy and community.

Ministers encouraged energy generators, retailers and networks to consider support measures for customers experiencing difficult circumstances as a result of COVID-19.

Reliability and Security

While we are dealing with the immediate and emerging issues arising from COVID 19 it is also critically important to keep energy prices down and continue to maintain reliability in the system ahead of next summer. That is why Ministers agreed to a number of interim measures to ensure the affordability, reliability and security of the grid for consumers in the National Electricity Market.

Ministers considered advice provided by the Energy Security Board following its review of the National Electricity Market (NEM) electricity reliability standard. Ministers agreed to implement interim measures to deliver further reliability by establishing an out-of-market capacity reserve and amending triggering arrangements for the Retailer Reliability Obligation (RRO). Both measures will be triggered to keep unserved energy to no more than 0.0006% in any region in any year. Ministers agreed that these were interim steps needed to improve reliability in the immediate term while an enduring market design is developed and that they will be reviewed as part of an expanded RRO review required by 1 July 2023. The Energy Security Board will consult on draft law and rule changes as a next step.

Ministers agreed to rule changes to action the Integrated System Plan for the NEM. These rule changes will facilitate the transition of the system as it moves to lower emissions and

more distributed generation while delivering secure, reliable and affordable energy for consumers.

Ministers noted the ESB's preliminary paper on the fair cost allocation methodology. Ministers agreed that the ESB intends to analyse two options and provide an interim report to COAG Energy Council members. This analysis should consider the impact on consumers in jurisdictions and the scope of beneficiaries. Suggestions for further work should be made to enable COAG Energy Council to consider appropriate fair cost allocation methodology for transmission by 30 September 2020. We acknowledge this work will need to assess what is the fairest cost allocation, including the status quo.

Ministers discussed renewable energy zone connections and requested that rule changes be developed to implement renewable energy zones.

Ministers also discussed a range of system security matters. Ministers agreed that the ESB should coordinate action across the market bodies to implement interim measures to improve visibility of, and confidence in system security services, while more fundamental reforms are designed and implemented.

Ministers agreed to the concurrent development of the market design for a two-sided market and a new framework for system services and ahead market arrangements to identify a recommended design by the end of 2020.

The Australian Energy Market Commission (AEMC) provided an update on its work in relation to the Coordination of Generation and Transmission Investment review. The AEMC is continuing to progress the design of the proposed reforms with final details to be provided for Council's consideration as part of the post-2025 package at the end of 2020.

Ministers agreed the Australian Energy Market Operator (AEMO) will continue developing the Australian Energy Sector Cyber Security Framework (AESCSF) and report annually on cyber security preparedness in the electricity sector.

Gas Reform

Ministers considered the decision regulation impact statement for measures to improve transparency in the gas market and agreed to the drafting of amendments to the National Gas Law (NGL) and Regulations to give effect to the preferred option.

Matt Zema Scholarship

Ministers congratulated the inaugural winner of the Matt Zema Scholarship, Lakshan Bernard. The scholarship was established by Monash University and AEMO, with the support of the Council, to honour the former CEO of AEMO and Monash alumnus, the late Matt Zema.

Welcome and Thank You

Ministers welcomed the new Commonwealth Minister for Resources, Water and Northern Australia, the Hon Keith Pitt MP, and thanked Senator the Hon Matthew Canavan for his contribution to the Council.

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 and Emissions Reduction
Commonwealth	The Hon Keith Pitt MP Minister for Resources, Water and Northern Australia
New South Wales	The Hon Matthew Kean MP Minister for Energy and Environment The Hon John Barilaro MP Deputy Premier Minister for Regional New South Wales, Industry and Trade
Victoria	The Hon Lily D'Ambrosio MP Minister for Energy, Environment and Climate Change Minister for Solar Homes The Hon Jaclyn Symes MLC Minister for Resources Minister for Regional Development Minister for Agriculture
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 Resources Minister for Primary Industries and Water Minister for Veterans' Affairs
Australian Capital Territory	Mr Shane Rattenbury MLA Minister for Climate Change and Sustainability
Northern Territory	Hon Paul Kirby MLA Minister for Primary Industry and Resources Hon Dale Wakefield MLA Minister for Renewables, Energy and Essential Services Minister for Territory Families
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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