

AUSTRALIAN, STATE AND TERRITORY ENERGY AND RESOURCES MINISTERS MET IN HOBART TODAY FOR THE THIRD MEETING OF THE STANDING COUNCIL ON ENERGY AND RESOURCES (SCER).

THE MEETING GAVE MINISTERS THE OPPORTUNITY TO CONSIDER THE IMPLEMENTATION OF AN ENERGY MARKET REFORM PACKAGE AGREED BY THE COUNCIL OF AUSTRALIAN GOVERNMENTS (COAG) ON 7 DECEMBER 2012 TO SUPPORT INVESTMENT AND MARKET OUTCOMES IN THE LONG TERM INTERESTS OF CONSUMERS; TO STRATEGICALLY DRAW TOGETHER WORK UNDERWAY TO PROMOTE TRANSPARENCY AND FLEXIBILITY IN THE AUSTRALIAN GAS MARKET; AND TO IDENTIFY LEADING PRACTICE PRINCIPLES TO GUIDE REGULATORS IN THE MANAGEMENT OF COAL SEAM GAS.

Ministers discussed the issues with the three energy market agencies – the Australian Energy Market Commission (AEMC), the Australian Energy Market Operator (AEMO), and the Australian Energy Regulator (AER) – and the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). Ministers also noted the report by the Uranium Council in relation to the strategic challenges facing the uranium sector in Australia.

Energy Market Reform

Ministers welcomed the endorsement of the SCER package by COAG at its meeting on 7 December 2012, details of which are available both on both the [COAG](#) and [SCER](#) websites. Ministers further welcomed the in-principle agreement of COAG to develop a best-practice framework for reliability standards and to review the AER's resources, independence and operational arrangements, subject to final decisions by the end of 2013.

Review of the Limited Merits Review Regime under the National Electricity and Gas Laws

Ministers noted the significant changes to the Rules for economic regulation of networks now underway; and recognised that the Expert Panel, in its Review of the Limited Merits Review Regime, identified a number of shortcomings in the regime delivering the original policy intent. SCER welcomed the Senior Committee of Officials' (SCO's) consultation Regulation Impact Statement that explores a range of options for addressing these limitations, based on the Expert Panel's recommendations. The consultation Regulation Impact Statement is available on the [SCER website](#) incorporating a request for submissions by 8 February 2013

National Energy Advocacy

Following COAG's endorsement on 7 December 2012 of SCER's measures to enhance energy consumer engagement in the energy market, SCER has agreed to explore options for a national energy consumer advocacy body. To progress this, an expert advisor will be engaged to consult with consumer groups and other stakeholders in the development of an implementation model for a national energy consumer advocacy body, with a written report to be provided to SCER for consideration by May 2013.

AEMC Approach of Reviews of Competition in Retail Energy Markets

Following COAG's endorsement on 7 December 2012, SCER agreed to progress improvements to the current mechanism of retail competition reviews by the AEMC, to provide a more market-wide and ongoing review of the state of competition. To support this revised

approach, SCER will progress amendments to the AEMC's current approach to its reviews. The revised approach, which aims to better inform the transition to more competitive retail energy markets, is due to be developed and approved by SCER by the end of 2013 and applied annually thereafter.

Demand Side Participation

SCER agreed to progress work on the recommendations in the AEMC Power of Choice review, which will lead to new work streams in its demand side participation work plan. This includes in-principle support for a range of reforms, and agreement that officials should prepare Rule change proposals for consideration by the AEMC addressing the following areas:

- Expansion of competition in metering and related services to all customers, consistent with a business-led, optional approach to adoption of more advanced metering in states where a widespread roll-out is not underway;
- Reform of the distribution pricing principles to provide better guidance for setting cost reflective distribution network charges;
- Reform of the demand management and embedded generation connection incentive scheme available to distribution businesses;
- Defining customer rights to access their own energy consumption data;
- Formal incorporation of a minimum functionality specification for smart meters into the Rules; and
- Clarifying AEMO's role in demand forecasting for its market operational functions, in particular to improve forecasting of demand side responses in the market.

SCER also provided in-principle support for, and agreed that officials should develop terms of reference for:

- AEMO to manage the transition to any new metering arrangements delivered through the Rule change proposal to expand competition in metering and related services;
- AEMC to develop advice on open access and common communication standards to support competition in demand side participation end user services enabled by smart meters; and
- AEMO to establish an advisory stakeholder working group to assist in developing a potential Rule change proposal for a new wholesale market demand side participation option, and a new category of market participant, for the AEMC's consideration and final decision.

SCER agreed to develop the market settings to allow for jurisdictions to provide consumers with the option to move to time-varying pricing and, in states without an existing widespread roll-out, an opt-in policy for the supporting metering infrastructure.

NECF Implementation Report

SCER noted the successful implementation of the National Energy Customer Framework (NECF) by the Australian Capital Territory and Tasmania. SCER noted that South Australia is currently considering a 1 February 2013 implementation date after legislation passed both Houses of the South Australian Parliament; and that New South Wales (NSW) is on track for implementation on 1 July 2013.

National Reliability Standard Framework

Ministers considered issues around reliability standards as one of SCER's priorities for the new energy market reform agenda. Ministers agreed to request officials to develop a terms of reference that tasks the AEMC with developing a national framework for setting distribution and transmission reliability requirements. The framework will build on the work undertaken to date, including the Ministerial Council on Energy's National Transmission Reliability Standard Framework (published in November 2011) and the AEMC's *Review of Distribution Reliability Outcomes and Standards*.

Australian Gas Market Development Plan

Ministers noted recent developments in domestic gas markets reinforced the importance of the two core gas market policy principles of: (1) ensuring that supply can respond flexibly to market conditions; and (2) promoting market development. These principles were agreed at the June 2012 SCER meeting in response to the expectation of increased pressures on the gas supply-demand balance.

Ministers endorsed the Australian Gas Market Development Plan that brings together a number of new initiatives including the new voluntary upstream Gas Supply Hub, improvements to the reporting of unconventional gas production data, and the Multiple Land Use Framework (MLUF) and National Harmonised Regulatory Framework for Coal Seam Gas. A summary of this Plan is available on the [SCER website](#).

National Gas Supply Hub Trading Market Model and Transmission Pipeline Capacity Trading

Ministers noted AEMO's detailed design for a gas supply hub at Wallumbilla and agreed to task AEMO to implement the proposed 'Brokerage' model hub, for initial application in Wallumbilla, Queensland by early 2014. The development of a gas supply hub is an important step towards providing market participants with more transparent and flexible gas trading opportunities.

To support trading at the gas supply hub, Ministers agreed to task AEMO, in consultation with industry, to develop a voluntary shipper-to-shipper capacity trading mechanism, for initial application at pipelines flowing from Wallumbilla. Ministers also agreed to consider more broadly, in consultation with stakeholders, whether further policy options could facilitate increased trade in gas transmission pipeline capacity in the eastern gas market.

National Harmonised Regulatory Framework for Coal Seam Gas

SCER released the draft National Harmonised Regulatory Framework for Coal Seam Gas (the Framework) for public consultation, to ensure the views of all stakeholders are acknowledged and form an integral part in developing a national Framework.

The draft Framework delivers on a commitment by all Australian governments to address areas of key community concern: well integrity, water management and monitoring, hydraulic fracturing and chemical use. It does this by identifying a suite of leading practice principles, which aim to guide regulators in the management of coal seam gas to ensure regulatory regimes are robust, consistent and transparent.

Following public consultation, Ministers will consider the revised Framework and endorse the final National Harmonised Regulatory Framework for implementation by jurisdictions in mid-2013. The public consultation phase will conclude at the end of February 2013. Further detail on the consultation process is available on the [SCER website](#).

Multiple Land Use Framework

Ministers endorsed the draft MLUF, which will provide jurisdictions with a framework to address land access and use issues and apply multiple and sequential land use approaches to land use planning, policy and development across the minerals and energy resources sectors.

The MLUF will support better outcomes by providing a mechanism for increased transparency and consistency in land use decision-making, more effective engagement with communities and help retain options for current and future land use to maximise the net benefits to present and future generations.

Ministers agreed to stakeholder consultation on the MLUF implementation, noting each jurisdiction will consult as appropriate. The draft MLUF is available on the [SCER website](#).

National Mineral Exploration Strategy

Ministers welcomed the National Mineral Exploration Strategy which aims to improve Australia's discovery rate, make Australia competitive in attracting mineral exploration investment, ensure the longevity of Australia's minerals industry and the country's continuing prosperity by addressing Australia's covered greenfields exploration challenge.

The three elements of the National Mineral Exploration Strategy include a:

- a. renewed commitment to generation and delivery of government-led pre-competitive geoscience from all jurisdictions;
- b. refreshed approach to the promotion of Australia as the lead destination for investment in mineral exploration and mining through a Mineral Exploration Investment Attraction Plan; and
- c. National Geoscience Research Initiative, which will be a cross-institutional research venture focused on delivering the applied science needed for industry to better explore under the covered greenfield areas of Australia.

The SCER Exploration Investment and Geoscience Working Group (EIGWG) will lead the pre-competitive geoscience initiative and the mineral exploration investment attraction plan.

EIGWG successfully trialed a refreshed approach to mineral exploration investment attraction at the recent China Mining convention in Tianjin (3-6 November 2012) with a professionally designed and Australia Minerals branded booth. Geoscience research agencies supported by EIGWG will develop applied geoscience research projects to assist exploring undercover.

The National Mineral Exploration Strategy and Mineral Exploration Investment Attraction Plan are available on the [SCER website](#).

Liquid Fuel Security

Ministers discussed the arrangements for managing liquid fuel vulnerabilities and recognised the need for cooperation and clarity to enable the effective handling of a potential liquid fuel emergency.

Uranium Council Report

Ministers welcomed the Uranium Council's report on the state of play and outlook for the industry and noted NSW and Queensland have been invited to join the Uranium Council.

Electricity Network Safety Management Systems Australian Standard

Ministers welcomed the substantial progress made by the Energy Supply Industry Safety Committee in developing the new Electricity Network Safety Management Systems Australian Standard. The Electricity Network Safety Management Systems Australian Standard will be an important step to improve the consistency of state-based regulations on occupational health, technical and safety for electricity networks and enhance worker mobility between jurisdictions. Ministers look forward to the publication of the new Australian Standard in January 2013.

Gas Appliance (Carbon Monoxide) Safety Strategy

Ministers endorsed the Public Awareness Campaign update for the Gas Appliance (Carbon Monoxide) Safety Strategy. State and territory governments have assessed the existing awareness initiatives within their jurisdictions, identified gaps or areas for improvements, and have begun implementing new awareness initiatives that target both consumers and gas-fitting professionals.

Ministers noted the continued importance of jurisdictional based initiatives to improve awareness of carbon monoxide poisoning, and consumer safety more broadly. These actions should help to mitigate the risk of accidental and unintentional carbon monoxide poisoning in domestic households and recreational vehicles from the use of gas appliances.

National Partnership Agreement Milestones – Oil and Gas

Ministers endorsed the *Guidelines of Engagement for Petroleum Developers with Local Government*, which were developed over the course of this year in consultation with State and Northern Territory governments, the Australian Petroleum Production and Exploration Association and the Australian Local Government Association.

The guidelines establish a high level broad set of guidelines and principles that facilitate communication and cooperation between petroleum developers and local government in regard to petroleum resource developments.

The endorsement by Ministers of these Guidelines completes the last of the COAG National Partnership Agreement Oil and Gas Milestones.

2011 NOPSA Operational Review – Proposed Framework for Cooperation

Ministers endorsed a framework for regulatory cooperation for the offshore petroleum industry, consisting of a Statement of Principles and work plan around the sharing of information and expertise, with a view to improving regulatory cooperation between Commonwealth and State and Territory petroleum regulators. Development of the framework was in response to one of the accepted recommendations of the 2011 National Offshore Petroleum Safety Authority Operational Review.

The Statement of Principles aims to maximise regulatory effectiveness, improve regulatory outcomes and reduce the burden on industry through improved efficiency in the areas of occupational health and safety, environmental management and structural integrity. The Statement of Principles will be implemented through a work plan, which will facilitate the formation of arrangements between jurisdictions in relation to taking forward significant petroleum developments that cross jurisdictional boundaries. These arrangements will be implemented during 2013.

National Mine Safety Framework

SCER noted that its work on the National Mine Safety Framework was now completed, with the “core” model Work Health and Safety (Mines) Regulations finalised and submitted to the Select Council on Workplace Relations for endorsement; and additional “non-core” provisions submitted out-of-session to the SCER Subcommittee for “Non-Core” Mine Safety. The National Mine Safety Database has also been established, pending the enactment of relevant regulations, and preparations are underway for the National Regulators Forum.

Record of Appreciation

SCER acknowledged the experience and knowledge brought to SCER by the Hon Norman Moore, Western Australia’s Minister for Mines and Petroleum, who will step down at the next state election in March. He has made an invaluable contribution to the Council on a range of important resources issues.

Membership List

SCER comprises Commonwealth, State, Territory and New Zealand Ministers responsible for energy and resources.

Commonwealth (Chair)	The Hon Martin Ferguson Minister for Resources and Energy
New South Wales	The Hon Chris Hartcher Minister for Resources and Energy
Victoria	The Hon Michael O'Brien Minister for Energy and Resources
Queensland	The Hon Andrew Cripps Minister for Natural Resources and Mines
	The Hon Mark McArdle Minister for Energy and Water Supply
Western Australia	The Hon Norman Moore Minister for Mines and Petroleum
	The Hon Peter Collier Minister for Energy
South Australia	The Hon Tom Koutsantonis Minister for Mineral Resources and Energy
Tasmania	The Hon Bryan Green Minister for Energy and Resources
Australian Capital Territory	Mr Simon Corbell Minister for Environment and Sustainable Development
Northern Territory	The Hon Robyn Lambley Northern Territory Treasurer
	The Hon Willem Westra van Holthe Minister for Mines and Energy
New Zealand	Hon Phil Heatley Minister of Energy and Resources

SCER Secretariat

Telephone: (02) 6213 7789

Facsimile: (02) 6213 6689

Email: scer@ret.gov.au

GPO Box 1564, Canberra ACT 2601