

Ministerial Council on Energy

Energy Market Reform - Bulletin No. 173

AEMC Review of Energy Market Frameworks in light of Climate Change Policies: MCE Response.

At the request of the Ministerial Council on Energy (MCE) the Australian Energy Market Commission (AEMC) commenced its Review of Energy Market Frameworks in light of Climate Change Policies in August 2008. The aim of the Review was to determine whether the energy market framework requires amendment to accommodate the Carbon Pollution Reduction Scheme (CPRS) and expanded Renewable Energy Target (eRET).

In its Final Report, released 8 October 2009, the AEMC noted that, generally, the energy market framework was capable of addressing challenges associated with the introduction of climate change policies, subject to implementation of its recommendations. These recommendations included changes to the existing framework around networks, retail pricing arrangements and generation reserves. In addition, the AEMC proposed changes which can be implemented through the existing regulatory mechanisms and processes.

The MCE has developed its policy response to the Final Report. The MCE will now proceed to develop specific rules in accordance with this response. In addition, the MCE will be developing future work associated with areas which can be addressed within the existing energy market arrangements.

Draft rule changes are proposed to be developed and submitted to the AEMC to undergo the full rule change process in early 2010.

The MCE's response is available at www.mce.gov.au.

MCE Standing Committee of Officials
17 December 2009