

MINISTERIAL COUNCIL ON ENERGY

Communiqué

Brisbane, 10 December 2010

Australian, State and Territory Government Energy Ministers met in Brisbane on 10 December 2010 for the 24th Meeting of the Ministerial Council on Energy (MCE). The MCE has responsibility for national policy and governance of the Australian energy market.

In addition to discussing investment, energy market and pricing issues, Ministers:

- Agreed to the Intergovernmental Agreement (IGA) on Energy Supply Industry Safety to enhance public and energy industry safety. The MCE will recommend the Council of Australian Governments (COAG) agree to the IGA in order for it to take effect.
- Agreed to establish the Energy Supply Industry Safety Committee (ESISC) to implement the harmonised safety framework for the energy supply industry reflected in the IGA.
- Agreed to improve energy efficiency standards for air conditioners from October 2011 as supported by the Decision Regulatory Impact Statement.
- Welcomed the passage of the National Energy Customer Framework legislation package through the lower house in South Australian Parliament.
- Agreed to work towards a target commencement date of 1 July 2012 for the National Energy Customer Framework.

Intergovernmental Agreement on Energy Supply Industry Safety

Ministers agreed to recommend that COAG approve the IGA on Energy Supply Industry Safety. The IGA formalises cooperation between governments on the creation of a harmonised safety framework for the energy supply industry. This new framework will:

- facilitate greater labour mobility within and between State and Territory transmission and distribution networks – particularly in response to an emergency;
- provide improved regulatory consistency across jurisdictions; and
- lower compliance burdens for industry, while ensuring the highest level of safety standards for workers.

This is an important milestone for the MCE to reach in advance of the summer season where energy networks face their greatest pressures from extreme weather events. This reform will assist in dispatching workers swiftly and safely to repair networks and maintain a reliable supply of energy if disruption events occur.

Energy Supply Industry Safety Committee

Ministers also agreed to the formation of the ESISC to report to the Standing Committee of Officials (SCO) on the implementation of the harmonised energy safety framework. ESISC, which was recently convened under interim arrangements, is a non-statutory body that has been formed to assist the MCE in the development and implementation of the harmonised safety framework for the energy supply industry.

The ESISC brings together representatives from governments, the gas and electricity industries, unions, industry training bodies and energy sector contractor businesses, and will play an important role supporting the enhanced harmonisation of energy supply industry safety. Ministers consider the formation of ESISC to be an important step in the MCE's ongoing commitment to increasing the safety and efficiency of the energy supply industry.

MCE Energy Efficiency Program

Ministers noted the continuing role of the MCE in the development and delivery of energy efficiency policy and the implementation of measures within the National Strategy for Energy Efficiency (NSEE) agreed by COAG in July 2009.

Ministers also noted the need to ensure a degree of national harmonisation to avoid fragmented regulation that imposes costs on businesses and customers with respect to energy efficiency measures.

Ministers agreed to the Decision Regulatory Impact Statements in relation to Minimum Energy Performance Standards (MEPS) for Air Conditioners and the phase-out of Greenhouse-Intensive Water Heaters, and endorsed a National Green Lease Policy for government tenancies. These measures are all expected to contribute to reducing costs for households, industry and government, as well as improving energy efficiency performance.

The MEPS for Air Conditioners, to commence from October 2011, will improve air conditioner energy efficiency by more than 10 per cent on average, as well as applying for the first time to multi split air conditioners.

National Energy Customer Framework

Ministers noted rising electricity prices reflect ongoing investment, primarily in networks, to maintain reliability and security of supply. The National Energy Customer Framework (NECF) has an important role to play in protecting vulnerable customers.

The legislation to give effect to the NECF was introduced to the South Australian Parliament on 27 October 2010 and has passed through the lower house. Noting the significant benefits that exist in aligning implementation across jurisdictions, State and Territory MCE Ministers agreed to work towards a target commencement date of 1 July 2012, while not precluding the earlier adoption by jurisdictions of some of the NECF functions.

Australian Energy Market Agreement Amendments

Ministers, in response to concerns raised by the Productivity Commission and the COAG Reform Council, agreed to recommend changes to the Australian Energy Market Agreement to COAG to clarify the process by which the AEMC conducts reviews of competition in retail energy markets in jurisdictions.

Australian Energy Market Commission Work

Ministers agreed that the AEMC review of competition in Queensland be moved forward before the New South Wales review due to the Energy Reform Strategy underway in New South Wales.

Ministers also agreed to request the AEMC to review energy market frameworks to identify barriers to the efficient uptake of electric and natural gas vehicles.

Gas Short Term Trading Market

Ministers noted the commencement of the Short Term Trading Market (STTM) at hubs in Sydney and Adelaide on 1 September 2010. The STTM is the most ambitious initiative of the MCE's gas market reform agenda, and Ministers noted the importance of ensuring this reform delivers benefits to participants.

The STTM is also an example of a successful collaborative work agenda between industry, government and the Australian Energy Market Operator (AEMO). Ministers particularly noted the valuable input from gas industry participants through the Gas Market Leaders Group in developing this initiative. Ministers also noted the progress underway towards the establishment of a Brisbane STTM hub, which is expected to commence in late 2011.

Smart meters

Ministers recognised the work of the Smart Meter National Stakeholder Steering Committee (NSSC), and thanked the businesses and consumer groups for the significant input they have made to shaping smart metering frameworks. The NSSC has completed the bulk of its terms of reference and is expected to finalise major items and wind up by June 2011. Broader issues identified by the NSSC will be taken up by the MCE, AEMC and AEMO work streams, with the NSSC's deliverables and outputs of the review of consumer protection in light of smart metering, will complete the national framework for smart metering.