

Ministerial Council on Energy

Energy Market Reform - Bulletin No. 177

Short Term Trading Market (STTM) Study – Final Report

At its 23 October 2009 meeting, the Ministerial Council on Energy (MCE) Standing Committee of Officials (SCO) agreed to request that the Australian Energy Market Operator (AEMO) undertake a study of the STTM as part of its due diligence in the lead up to the commissioning of hubs in Adelaide and Sydney commencing on 4 June 2010.

The AEMO engaged an independent consultant to conduct this analysis in consultation with industry through the Gas Market Leaders Group and jurisdictional officers through the STTM Legal Working Group.

The STTM Study Final Report concludes that the STTM will be a positive step forward in the development of competitive energy markets in Australia. While the report does not identify any specific additional mitigation or monitoring measures that are required prior to market start, it does recommend that the STTM is carefully monitored by the AEMO and the Australian Energy Regulator (AER) as it develops to ensure that competitive market principles are upheld.

SCO notes that both the AEMO and the AER have significant experience in monitoring operations of the National Electricity Market and more recently the Victorian Wholesale Gas Market, and understands they are well positioned to ensure effective monitoring of the STTM

The AEMO's functions in relation to reviewing the STTM will be outlined in the STTM amendments to the National Gas Rules (NGR), including a review of the operation of the STTM by 31 December 2010. The AER's core functions and powers in relation to monitoring, investigation and enforcement are set out in section 27 of the National Gas Law. However, the STTM amendments to the NGR, once made, will also give the force of law to the AER's specific role in monitoring trading activity in the STTM to ensure compliance with the Rules.

The STTM Study Final Report is available on the MCE's website at www.mce.gov.au.

MCE Standing Committee of Officials
21 April 2010