
Ministerial Council on Energy

Energy Market Reform Program – Key Achievements 2004

Governance and Institutions

- The MCE Report on *Reform of Energy Markets* was endorsed by the Council of Australian Governments (COAG) in April 2004.
- The COAG *Australian Energy Market Agreement*, setting out the new governance and legislative structure for an Australian energy market, was endorsed by all Premiers and the Prime Minister in June 2004.
- Legislation establishing a new *Australian Energy Regulator (AER)*, with responsibility for market surveillance and energy market regulation, was passed by the Australian Parliament on 25 June 2004.
- Legislation establishing a new *Australian Energy Market Commission (AEMC)*, with responsibility for rule-making and energy market development, was passed by the South Australian Parliament on 1 July 2004 and proclaimed on 22 July 2004.
- Industry consultation on the *Application of an Industry Levy to fund the AER and AEMC, Streamlining of the Code Change Process* and the *AER-AEMC-ACCC Memorandum of Understanding* was conducted in March 2004, following the release of consultation papers on these issues. 60 submissions were received.
- Consultation on the *Proposed National Electricity Rule Change Process* was undertaken in August 2004. 22 submissions were received.
- An information paper on the *Legislative and Regulatory Framework* was also released in August 2004.
- An exposure draft of the amended *National Electricity Law* and an associated Information Paper was released for public consultation on 1 December 2004, and an Information Forum held on 10 December 2004.
- New draft *National Electricity Rules* and an associated consultation paper were released for consultation on 10 December 2004.
- 30 *Energy Market Reform Bulletins* were released during the year to update and inform stakeholders on the reform program.

Economic Regulation

- Issues Paper on a *National Framework for Retail and Distribution Regulation* was released for consultation on 30 August 2004. 38 submissions received.

Electricity Transmission

- Consultation seeking industry views on *Regional Structure* issues was conducted in March 2004.
- The first *Annual National Transmission Statement (ANTS)* was released on 30 July 2004 as part of the new national planning process for transmission.

- A consultation paper on the *National Electricity Market - Regional Structure Review* and the draft report on *NEM – Transmission Region Boundary Structure* were released for consultation on 1 October 2004. 22 submissions were received.
- Considerable work undertaken in response to the load shedding event of 13 August 2004 to improve response to significant system disturbances and the equity of automatic load shedding between regions. A review of under frequency load shedding settings is currently underway.

User Participation

- Discussion Paper on *Improving User Participation in the Australian Energy Market* was released for public consultation on 12 March 2004. 30 submissions received.
- MCE *User Participation Policy Statement* was released on 30 August 2004, covering consumer advocacy; market mechanisms to promote demand side response in the NEM; the role of interval metering technology; and demonstration, information and capacity building.
- Consultation Forums to assist in the development of options for a future, workable national advocacy model were held during November 2004.

Gas Market Development

- MCE released its *Expanded Gas Program* in May 2004, as a supplement to its December 2003 report to COAG. The program covers gas market development, gas infrastructure issues, the review of the gas access regime, and upstream gas issues.
- The Productivity Commission's final report on a *Review of the Gas Access Regime* was released on 10 August 2004.
- MCE agreed to *Principles for Gas Market Development* in December 2004, following consideration of draft principles released for public consultation on 30 August 2004. 19 submissions received.
- MCE issued a statement on *Upstream Gas Issues* in December 2004 endorsing the findings of the Ministerial Council on Mineral and Petroleum Resources (MCMPR) on recommendations in the COAG Energy Market Review (Parer Report).

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