

# MINISTERIAL COUNCIL ON ENERGY

## Communiqué

Hobart, 4 November 2005

The Ministerial Council on Energy (MCE) held its tenth meeting on Friday 4 November 2005 in Hobart. The Council comprises Australian Government, State and Territory Ministers with responsibility for national policy and governance of the Australian energy market. The meeting was chaired by the Hon Ian Macfarlane MP, Australian Government Minister for Industry, Tourism and Resources.

Ministers made substantial progress on amendments to the *Australian Energy Market Agreement* (AEMA) dated 30 June 2004 to further advance critical energy market reforms. In particular, Ministers agreed, subject to the necessary Cabinet approvals, to:

- ‘certification’ as the national model for energy access; and
- a clear framework for the transfer of specified retail and distribution functions to national regulatory arrangements, with enabling legislation by the end of 2006 and the transfer of economic regulation of distribution networks to the national regime by 1 January 2007.

Ministers will provide the agreed AEMA to the Council of Australian Governments for endorsement later this year.

Ministers agreed to release a draft paper for consultation with industry and consumers, concluding 30 November 2005, on the Productivity Commission Review of the Gas Access Regime, prior to a final decision by 7 December 2005. The paper includes a proposed new objects clause for the gas access regime, a change to the coverage criteria to regulate gas pipelines only where there is a material increase in downstream and upstream competition, a model for more light handed regulation and measures to promote new greenfield gas projects. The final response will be incorporated into the new national gas legislative package to be introduced next year.

Following the December 2005 response, Ministers agreed to expedite legislative implementation of their decision on greenfield gas pipeline incentives, with a goal of 30 June 2006. The MCE has also agreed to establish an Expert Panel to advise on a model to achieve a common approach to revenue and network pricing across the energy market.

Ministers agreed to strengthen the arrangements for consumer advocacy in the energy sector with a particular focus on small to medium end users. The Council agreed that the long term model will provide for the establishment of a consumer advocacy funding body that will comprise an independent Panel with a Chair and four other members who will be responsible for grant allocation activities and commissioning research. The Panel will be supported by an executive director and staff, and would be accountable to the AEMC. The MCE will have responsibility for appointing the Chair, Executive Director and Panel, and approving grant allocation guidelines.

Ministers tasked the Standing Committee of Officials with immediately commencing implementation of the long term advocacy model through amendments to the National Electricity Law and as part of the legislative package for the National Gas Law currently being progressed. Ministers agreed to initiate an interim rule change to ensure appropriate governance and accountability arrangements.

Ministers received reports by the chairs of the Australian Energy Market Commission (AEMC) and the Australian Energy Regulator (AER) on the successful establishment of the new bodies since commencing operations on 1 July 2005. As provided for in the AEMA, Ministers endorsed a Memorandum of Understanding (MOU) between the AER, AEMC and the Australian Consumer and Competition Commission (ACCC), addressing consultation, co-operation, rule change processes and staffing arrangements between the three bodies.

In considering energy security matters, the MCE endorsed a Liquid Fuel Emergency Inter-Governmental Agreement (LFE IGA) for Ministerial signing out-of-session. This out-of-session signing will be subject to appropriate State and Territory approval processes being fulfilled.

The LFE IGA covers roles and responsibilities, cooperation, coordination and communication mechanisms and the allocation of available fuels and resources between Australian governments during a national LFE. This IGA underpins the National Liquid Fuel Emergency Response Plan which sets out the detail of the processes that would be followed by administrators to respond to a fuel supply disruption requiring cooperation between governments. The outcomes of the out-of-session LFE IGA signing process will be released via an MCE bulletin.

Ministers noted that the [www.energyallstars.gov.au](http://www.energyallstars.gov.au) website has expanded and is now registering the most energy efficient office equipment and lighting products, in addition to whitegoods and commercial products. Ministers applauded the commitment of all of the companies who have listed top performing products on Energy Allstars.

Ministers agreed that their next meeting will be in the Northern Territory in May 2006.

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