

Ministerial Council on Energy

Communiqué

Melbourne, 15 March 2002

The Ministerial Council on Energy held its second meeting in Melbourne on Friday, 15 March 2002.

The Council comprises Commonwealth, State and Territory Ministers with responsibility for energy policy. It is responsible for providing leadership in and co-ordination of energy policy development in Australia on issues requiring a national approach. Energy ministers from New Zealand and Papua New Guinea have observer status on the Council.

Attending Ministers agreed on a strategy to address the priority tasks articulated by the Council of Australian Governments (COAG) at their meeting of 8 June 2001. COAG recognised that energy markets should operate to maximise provision of reliable energy services and that the effective operation of an open and competitive energy market contributes to delivering benefits to household, small business and industry.

One of the key initiatives that will be overseen by the Council during 2002 is the Independent Review of Energy Market Directions. The Review is a critical element in the Council's work program and will set a firm basis for future policy development and implementation.

At today's meeting the Council welcomed the appointment of the Review's expert panel members. Members include the Review Chair, the Hon Warwick Parer, and panel members Mr Paul Breslin, Mr David Agostini and Mr Rod Sims. Ministers also agreed to the immediate release of an Issues Paper, as the first step in consultation with the community on the key matters that the Review will address. The Review process will take no more than 12 months to complete. A draft report is expected to be issued in November 2002.

Under the Ministerial Council on Energy five working groups have been established, involving all jurisdictions. These working groups will address issues relating to strategic energy supply and security; energy market development; energy efficiency and greenhouse; downstream petroleum; and national oil supply emergencies. Detailed work programs for each of these working groups were also set in train.

- **Strategic Energy Supply and Security Working Group**

This group will identify major factors that may impact fundamentally on Australia's ability to meet its national energy needs. A small number of energy supply/demand scenarios will be identified, with particular attention devoted to Australia's national interests including long term energy needs, and ensuring national and regional benefits of energy resource development, including economically viable value adding.

- **Energy Market Development Working Group**

The Energy Market Development Working Group will provide strategic policy advice on retail, network and wholesale energy market development issues, consistent with the COAG agreed framework for developing a national energy market. -

- **Energy Efficiency and Greenhouse Working Group**

This Group will focus primarily on energy end-use customer requirements. It will provide strategic advice on policy direction and program delivery to enhance energy efficiency and the provision of better consumer information. It will also be responsible for enhancing decision making processes for improved demand side participation, will identify barriers and monitor distributed generation, including renewables, and other energy market issues related to customer requirements such as, access to information and expertise. The Working Group has a strategic policy overview responsibility on greenhouse issues for the Council.

In support of the Energy Efficiency and Greenhouse Working Group's work program, the Council will provide annual funding of \$1.24 million for the National Appliance and Equipment Energy Efficiency Program which involves implementation of both voluntary and regulatory programs to improve the energy efficiency of domestic appliances and industrial and commercial equipment. The program is one of the most cost-effective ways to improve energy efficiency, enhance our international competitiveness and reduce greenhouse gas emissions, all of which are major goals of the MCE work program.

The Ministerial Council on Energy will have responsibility for all national energy matters excluding those dealing with resources exploration and development and resource exports except where the latter are directly relevant to fundamental energy policy deliberations, in which case the Ministerial Council will liaise with the Ministerial Council on Mineral and Petroleum Resources in developing responses.

The Ministerial Council on Energy also has policy responsibilities relating to the future viability of the downstream petroleum product industry and security of crude oil and petroleum product supply. It was agreed that the following working groups would remain active under the Ministerial Council on Energy's work program:

- **Downstream Petroleum Working Group**

The task of the Downstream Petroleum Working Group will be to ensure that Ministerial Council on Energy receives relevant advice and information on issues confronting the downstream petroleum industry, particularly cross jurisdictional issues. It will provide a policy assessment of those issues which are considered of critical importance to the future viability of the downstream petroleum product industry.

- **National Oil Supplies Emergency Committee**

The Committee will monitor, as required, crude oil and petroleum products and advise on logistics and product availability. It will assess prospective oil supplies, expected normal levels of demand and the scope for balancing demand with expected supplies.

During a national fuels emergency, NOSEC will provide the main executive channel through which Commonwealth and State Governments will formulate their overall management response. It will also fulfil the role of National Emergency Sharing Organisation which is an ongoing requirement of Australia's membership of the International Energy Agency.

The next meeting of the Ministerial Council on Energy is scheduled for November 2002.

End

