

MINISTERIAL COUNCIL ON ENERGY

Communiqué

Brisbane, 20 May 2005

The Ministerial Council on Energy (MCE) held its ninth meeting on Friday 20 May 2005, in Brisbane. The Council comprises Australian Government, State and Territory Ministers with responsibility for national policy and governance of the Australian energy market, including for electricity and gas, as outlined in the COAG *Australian Energy Market Agreement (AEMA)* of 30 June 2004. The meeting was chaired by the Hon Ian Macfarlane MP, Australian Government Minister for Industry, Tourism and Resources.

Ministers noted that the national energy market reform program, announced in December 2003, was mid-way through its ambitious three year implementation phase. Ministers announced that the two new statutory commissions: the Australian Energy Market Commission (AEMC), with responsibility for rule-making and market development; and the Australian Energy Regulator (AER), with responsibility for market regulation would commence their functions under the new National Electricity Law from 1 July 2005. The Council expects to make an announcement about the AEMC Commissioner appointments shortly.

Ministers released a Statement on National Electricity Market Electricity Transmission summarising the work that has been undertaken over the past twelve months to take forward reforms on transmission regulation, planning and regional structure. A copy is available at www.mce.gov.au. Implementation of additional MCE transmission reforms will occur when the AEMC becomes fully operational through MCE initiated Rules changes and MCE directed reviews.

In considering progress on its energy market reform program, the Council adopted a revised timeframe for the development of a gas legislative package to comprehensively address the requirements of the *Australian Energy Market Agreement* and to address the MCE response to the Productivity Commission (PC) Review of the Gas Access Regime. The MCE work program for 2005-06 aims for consultation on: the preliminary response to the PC Review of the Gas Access Regime; the approach to merits review; and the national approach to energy access in September 2005. The MCE aims to have an exposure draft of the full legislative package addressing all matters including the response to the Productivity Commission and industry comments by end February 2006.

The MCE also considered a number of energy security matters.

In December 2004 the MCE released a Memorandum of Understanding that provides a formal structure for consultation between jurisdictions during a gas emergency. Following from this, Ministers have now agreed to a Memorandum of Understanding in relation to the National Gas Emergency Response Protocol (including use of emergency powers) for Natural Gas Supply Shortages affecting jurisdictions with interconnected gas supply networks. The protocol will establish a government –industry “National Gas Emergency Response Advisory Committee” to provide advice to Ministers in the event of a major natural gas supply shortage. This Memorandum of Understanding will be released via an MCE Bulletin.

Ministers discussed recent load-shedding incidents in the National Electricity Market (NEM). The MCE will request the National Electricity Market Management Company Limited (NEMMCO) to conduct an annual operational review of the automatic (under frequency) load shedding priorities, to ensure that equitable load shedding is maintained across all states. The AEMC will be directed to review the investigative and rectification provisions of the Rules, together with the penalty provisions to provide an effective enforcement and compliance regime.

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