

COAG Energy Council

20th Meeting Communique

Friday 26 October 2018

ENERGY MINISTERS MET TODAY IN SYDNEY FOR THE TWENTIETH COAG ENERGY COUNCIL MEETING

MINISTERS DISCUSSED THE IMPORTANCE OF BRINGING POWER PRICES DOWN AND REDUCING EMISSIONS WHILE ENSURING THE RELIABILITY OF THE GRID. THE NEW COMMONWEALTH MINISTER FOR ENERGY, AND CHAIR OF THE COAG ENERGY COUNCIL, THE HON ANGUS TAYLOR MP, WAS WELCOMED BY THE COUNCIL. THE COUNCIL ALSO ACKNOWLEDGED THE SIGNIFICANT CONTRIBUTION OF THE PREVIOUS COMMONWEALTH ENERGY MINISTER THE HON JOSH FRYDENBERG MP.

MINISTERS NOTED STATE AND TERRITORIES' SUPPORT FOR AN INTEGRATED NATIONAL APPROACH TO EMISSIONS REDUCTION ACROSS THE ECONOMY.

Retailer Reliability Obligation

Ministers agreed that the Energy Security Board will progress development of draft National Electricity Law amendments that would give effect to a Retailer Reliability Obligation, including undertaking any further necessary stakeholder engagement. ESB will return to Council with a final draft Bill for decision in December 2018.

The Retailer Reliability Obligation will ensure enough of the right resources will be available to meet demand in the National Electricity Market (NEM) particularly in regions with limited access to dispatchable generation. If the right investment does not come forward to address forecast supply shortfalls, this would trigger an obligation on electricity retailers to demonstrate they can meet their share of peak demand.

Ministers noted the need for final design of the Retailer Reliability Obligation to ensure South Australia can manage its reliability concerns through the transition to the new mechanism and noted Western Australia's approach to reliability delivered through its reserve capacity mechanism.

Ministers discussed the ongoing work by market bodies to implement Finkel recommendations on reliability and system security in the NEM. Ministers also asked the ESB to provide advice on a long-term, fit-for-purpose market framework to support reliability that could apply from the mid 2020's as the market transitions. The ESB will report back to Council in December 2018 on a forward work program for endorsement.

ACCC's Retail Electricity Pricing Inquiry

Ministers discussed the importance of bringing power prices down, while increasing competition and the need to act on this issue. The Commonwealth advised Ministers of its determination to have a default market offer in relevant jurisdictions, as recommended by the ACCC in the Retail Electricity Pricing Inquiry, in place by 1 July 2019.

Ministers agreed on the need to develop a reference point/comparison rate against which all offers could be measured, for consideration at the December Council meeting. Western Australia, Victoria, Tasmania and the Northern Territory noted that this would not apply in their jurisdictions. Ministers also agreed that the AEMC undertake work on the impacts of the Commonwealth's proposed default tariff on competition issues and customer impacts including price for both standard and market customers in relevant jurisdictions.

Energy market updates

Ms Audrey Zibelman, Chief Executive Officer, AEMO, briefed Ministers on AEMO's preparations for security of supply in the National Electricity Market this summer. Ministers noted that AEMO have a strong plan in place for summer and noted advice from AEMO that additional measures are required to support future reliability including further transmission and interconnection.

As agreed by the COAG Energy Council in August, Ministers noted the need for ongoing focus on the Integrated System Plan and ESB will come back to Energy Council in December 2018 with an implementation plan and clear recommendations for action including any rule changes required.

Dr Kerry Schott AO and Ms Clare Savage, Chair and Deputy Chair of the Energy Security Board, briefed Ministers on a draft Strategic Energy Plan, which will provide overarching guidance on the operation and evolution of energy markets in Australia. The ESB is developing this Plan on behalf of Council, as recommended in the Finkel Review. Ministers will consider a final draft Plan in December 2018.

Membership

The COAG Energy Council comprises Commonwealth, State, Territory and New Zealand Ministers responsible for energy and resources.

Commonwealth (Chair)	The Hon Angus Taylor MP Minister for Energy
Commonwealth	Senator the Hon Matthew Canavan Minister for Resources and Northern Australia
New South Wales	The Hon Don Harwin MLC Minister for Resources Minister for Energy and Utilities Minister for the Arts
Victoria	The Hon Lily D'Ambrosio MP Minister for Energy, Environment and Climate Change The Hon Timothy Pallas MP Treasurer Minister for Resources
Queensland	The Hon Dr Anthony Lynham MP Minister for Natural Resources, Mines and Energy
Western Australia	The Hon Bill Johnston MLA Minister for Mines and Petroleum, Commerce and Industrial Relations, Electoral Affairs, Asian Engagement The Hon Ben Wyatt MLA Treasurer Minister for Finance Minister for Energy Minister for Aboriginal Affairs
South Australia	The Hon Daniel van Holst Pellekaan MP Minister for Energy and Mining
Tasmania	The Hon Guy Barnett MP Minister for Energy and Resources Minister for Building and Construction
Australian Capital Territory	Mr Shane Rattenbury MLA Minister for Climate Change and Sustainability
Northern Territory	The Hon Kenneth Vowles MLA Minister for Primary Industry and Resources The Hon Nicole Manison MLA Treasurer Minister for Police, Fire and Emergency Services Minister for Business and Innovation
New Zealand	Hon Dr Megan Woods MP Minister of Earthquake Commission Minister of Energy and Resources Minister of Greater Christchurch Regeneration Minister of Research, Science and Innovation

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