

Establishing market rules to enable all technology options



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HOW THE ENERGY MARKETS ARE GOVERNED

COUNCIL OF AUSTRALIAN GOVERNMENTS (COAG)

COAG's Australian Energy Market Agreement (AEMA) sets out the reform agenda for the COAG Energy Council which directs the AEMC to conduct reviews.

The COAG Energy Council is made up of federal, state and territory energy ministers. It provides national leadership on energy policy development.

COAG ENERGY COUNCIL



COAG is the peak intergovernmental forum in Australia with a role to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by federal, state and territory governments.



The National Electricity Objective (NEO)

To promote the efficient investment, and efficient operation and use of, energy services for the long-term interests of consumers of energy with respect to:

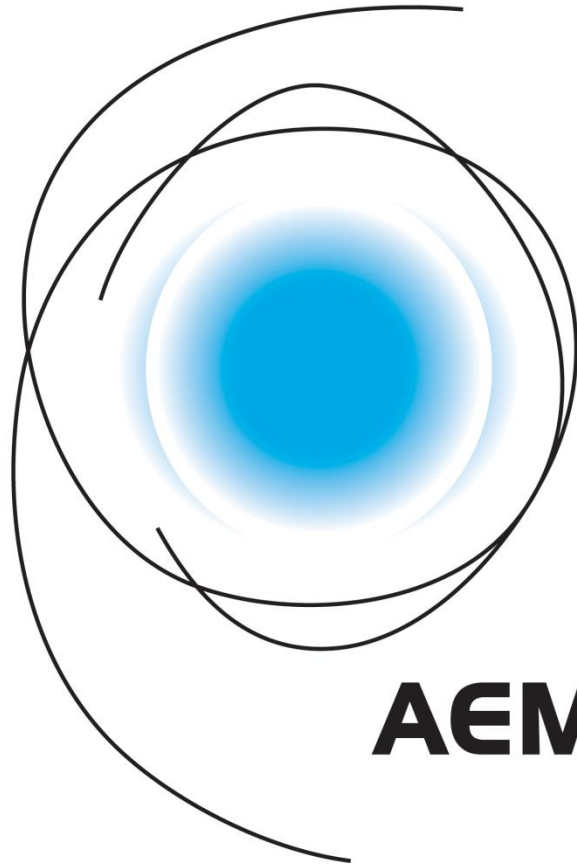
- a) price, quality, safety, reliability and security of supply;
and
- b) the reliability, safety and security of the national energy systems

Areas to enable all technology options

- Battery Storage
- System Security Review
- 5 Minute Settlement
- Transmission Connections Framework
- Ancillary Services Unbundling

Principles of Good Policy Design

1. The primary policy objective should be clear
2. The mechanism should be able to meet its policy objective whatever the future may bring in terms of demand, relative input prices and technological changes
3. The mechanism should be compatible with the pricing mechanisms used to trade electricity.
4. The mechanism should be consistent with the risk allocation and risk management tools that underpin the operation of the energy market.



AEMC