

AUSTRALIAN ENERGY MARKET COMMISSION

IMPLEMENTING THE INDEPENDENT REVIEW INTO THE FUTURE SECURITY OF THE NATIONAL ELECTRICITY MARKET (FINKEL REVIEW)



Rewarding consumers	What we're doing	AEMC projects
Better, clearer information on prices, contracts, and energy use See Finkel recommendations 6.1, 6.3 and 6.4	Requiring energy retailers to warn customers when discounts are ending, prompting them to shop around for a better deal.	Notification of end of fixed benefit rules started in February 2018
	Stopping retailers from offering energy deals deliberately designed to confuse customers with high base rates to make so-called discounts appear bigger than they actually are.	New rules preventing discounts on inflated energy rates start in July 2018
	Seeking stakeholder feedback on a proposed new requirement for retailers to tell customers about any price increases before it happens, and provide information on how to shop around for a better deal.	Advance notice of price changes draft determination due in July 2018
	Seeking stakeholder feedback on a proposal to reduce bill shock by allowing customers to have their electricity or gas bill based on their own reading of the meter.	Estimated meter reads draft determination due in August 2018
	Seeking stakeholder feedback on a proposal to install new electricity meters within a defined timeframe so customers benefit from better services and information as soon as possible.	Metering installation timeframes draft determination due in September 2018
	Recommending ways to improve customer outcomes and raise awareness of opportunities for customers to manage their energy bills by regularly assessing competition in the energy retail market.	2018 Retail energy competition review due in July 2018
	Tracking the progress and effectiveness of its gas reform package to support faster and more efficient gas trading and access to pipeline transportation along the east coast of Australia.	Biennial review into liquidity in wholesale gas and pipeline trading markets due in June 2018
	Giving customers access to better energy use data through the competitive roll-out of advanced meters. This will make it easier for customers to choose a deal to suit them.	Rules to expand competition in metering and related services started in December 2017
	Assisting the Energy Security Board in tracking the performance of the energy system and the opportunities for improvement through its <i>Annual health of the national electricity market</i> report.	Health of the national electricity market second annual report due in December 2018

AUSTRALIAN ENERGY MARKET COMMISSION
**IMPLEMENTING THE INDEPENDENT REVIEW INTO THE FUTURE SECURITY
 OF THE NATIONAL ELECTRICITY MARKET (FINKEL REVIEW)**
 CONTINUED



Rewarding consumers	What we're doing	AEMC projects
Appropriate consumer protections See Finkel recommendations 6.5 and 6.9	Seeking stakeholder feedback on proposed new obligations on retailers to implement effective hardship policies to help customers who are having difficulty paying their bills.	<u>Strengthening protections for customers in hardship</u> draft determination due in September 2018
	Providing recommendations to COAG Energy Council on law and rule changes needed so customers connected to embedded networks and standalone systems receive efficient prices and appropriate protections.	<i>Advice on updating the embedded networks regulatory frameworks</i> to start in July 2018 <i>Review of standalone power systems</i> expected to start in July 2018
	Introducing better protections for life support customers by strengthening the registration and deregistration process for life support customers.	<u>Strengthening protections for customers requiring life support equipment</u> rules started in February 2018
Consumer participation in the market through distributed energy resources, demand side participation, and peer-to-peer trading See Finkel recommendations 2.5, 2.6 2.8 and 6.7	Seeking stakeholder feedback on a proposal to set up a distributed energy resources register to give more information to AEMO and networks to help manage and operate the power system.	<u>Register of distributed energy resources</u> draft determination due in June 2018
	Encouraging network businesses to use alternative solutions to like demand response to manage their networks instead of building more expensive poles and wires.	The <u>Demand management incentive scheme</u> and Innovation Scheme rules started early in April 2018
	Facilitating a competitive market in behind the meter batteries and other distributed energy resources by limiting distribution network businesses' ability to own and control these assets.	<u>Contestability of energy services</u> rule started in December 2017
	Consulting on the most effective mechanisms to facilitate demand response in the wholesale energy market.	<u>Reliability frameworks review</u> final report is due in July 2018
	Consulting on options to better integrate distributed energy resources like batteries into the power system so that can be used to control power system frequency.	<u>Frequency control frameworks review</u> final report is due in July 2018

AUSTRALIAN ENERGY MARKET COMMISSION
**IMPLEMENTING THE INDEPENDENT REVIEW INTO THE FUTURE SECURITY
 OF THE NATIONAL ELECTRICITY MARKET (FINKEL REVIEW)**
 CONTINUED



Rewarding consumers	What we're doing	AEMC projects
Consumer participation in the market through distributed energy resources, demand side participation, and peer-to-peer trading See Finkel recommendations 2.5, 2.6 2.8 and 6.7	Setting the foundations for a competitive distribution market that would enable consumers to get the most value out of their rooftop solar panels, batteries and other distributed energy resources in the future.	Our Distribution market model findings are being progressed through a number of different channels including the 2018 Electricity networks economic regulatory frameworks review
	Seeking stakeholder feedback on a proposal to make financial settlements between retailers in the spot market more accurate.	Consultation on the <i>Global settlement and market reconciliation</i> rule request will start in June 2018
Efficient spending on and pricing of network and non-network solutions See Finkel recommendations 5.1, 5.2 and 6.8	Launching a network reform program to build a network of the future that works for investors and customers. This will focus on appropriately balancing network incentives and progressing the findings of our <i>Distribution Market Model</i> on optimising distributed energy resources.	2018 Electricity networks economic regulatory frameworks review due in June 2018
	Consulting on options to improve the efficiency and coordination of generation and transmission planning. This will complement AEMO's integrated system plan and AER's review of the RIT-T.	Coordination of generation and transmission investment review final report due in July 2018
	Seeking stakeholder feedback on a proposal to smooth gas network revenue across periods with the objective of reducing the network price volatility for customers.	Cross period revenue smoothing (gas) draft determination due in June 2018
	Providing recommendations to COAG Energy Council to help gas pipeline users negotiate lower prices and better deals under Parts 8 – 12 of the National Gas Rules.	Review into the scope of economic regulation applied to covered pipelines final report due in June 2018



Reliable and low emissions future – the need for orderly transition	What we're doing	AEMC projects
Helping design and implement emissions reduction mechanisms that can integrate with energy policy See Finkel recommendations 3.1, and 3.2	Assisting the Energy Security Board in the detailed design of the proposed National Energy Guarantee which would integrate emissions and energy policy for the first time. The Guarantee would reduce emissions, provide investment certainty and deliver long-term reliability in one mechanism.	<i>National Energy Guarantee – COAG Energy Council</i> decision in August 2018

AUSTRALIAN ENERGY MARKET COMMISSION
**IMPLEMENTING THE INDEPENDENT REVIEW INTO THE FUTURE SECURITY
 OF THE NATIONAL ELECTRICITY MARKET (FINKEL REVIEW)**
 CONTINUED



Reliable and low emissions future – the need for orderly transition	What we're doing	AEMC projects
<p>Designing a framework that send the right signals to incentivise the right investment at the right time, and provides tools to intervene only when necessary.</p> <p>See Finkel recommendations 2.1, 3.2, 3.4 and 6.7</p>	<p>Aligning the financial incentives in the market with physical needs of the system by moving to five minute settlement/ This will the technology and business models that can respond when they are needed.</p>	<p>Implementation of Five minute settlement is underway. The rule will commence in July 2021</p>
	<p>Proposal that would require large electricity generators to provide at least three years' notice before closing.</p>	<p>Generator three year notice of closure draft determination due in August 2018</p>
	<p>Supporting a growing share of renewables in the system by developing new rules on technical performance standards for generators seeking to connect to the electricity grid, and a clearer process for negotiating those standards.</p>	<p>Generator technical performance standards final determination due in October 2018</p>
	<p>Consulting on a proposal to extend the time period for which AEMO can contract for capacity under the RERT. The RERT is a type of strategic reserve that allows AEMO to pay a premium for additional generation or demand response in advance.</p>	<p>Reinstatement of long notice Reliability and Emergency Reserve Trader (RERT) final determination due in June 2018</p>
	<p>Consulting on a proposal to enhance the RERT so that decisions to procure reserves, and the determination of the volume to be procured, are made in the context of a broader risk assessment. The RERT is a type of strategic reserve that allows AEMO to pay a premium for additional generation or demand response in advance.</p>	<p>Consultation on the Enhancement to the Reliability and Emergency Reserve Trader (RERT) rule request will begin in June</p>
	<p>Proposal to make the AER responsible for calculating values of customer reliability which are used to develop reliability standards in networks and wholesale markets.</p>	<p>Establishing values of customer reliability final determination due in July 2018</p>
	<p>Consulting on our transition plan for the power system in relation to options for better forecasting, effective day ahead information and strategic reserves that can be called upon when necessary.</p>	<p>Reliability frameworks review final report due in July 2018</p>
	<p>Providing better ways and more tools for AEMO to signal when the market needs to increase electricity supply or reduce demand at short notice.</p>	<p>New Declaration of lack of reserve conditions rules started in December 2017</p>
	<p>Confirming that the reliability standard and settings that signal to the market the level of generation and demand response needed to meet consumer demand remain appropriate.</p>	<p>Reliability standard and settings review for 2020-2024 was published in April 2018</p>

AUSTRALIAN ENERGY MARKET COMMISSION
**IMPLEMENTING THE INDEPENDENT REVIEW INTO THE FUTURE SECURITY
 OF THE NATIONAL ELECTRICITY MARKET (FINKEL REVIEW)**
 CONTINUED



Reliable and low emissions future – the need for orderly transition	What we're doing	AEMC projects
	Seeking stakeholder feedback on a proposal to encourage participants to work collaboratively with AEMO to restore or maintain supply, rather than wait for a direction.	Compensation following market suspension draft determination due in late 2018
	Improving the transparency and consistency of information AEMO provides to signal whether or not electricity supply is projected to meet demand in the medium-term.	Reporting of aggregate generation capacity for MT PASA new rules started in May 2018



Increased security	What we're doing	AEMC projects
Maintaining a strong system	Requiring network businesses to maintain system strength above agreed minimum levels at key locations in the power system.	Managing power system fault levels rules start in July 2018
Resisting frequency changes	Requiring network businesses to maintain a minimum level of inertia that will help the system resist frequency changes.	Managing power system frequency rules start in July 2018
Requirements for generators to support system security	Making generators to provide more information about how their equipment performs in different scenarios. This will allow AEMO and network businesses to better understand and manage the power system as it changes.	New generator system model guidelines are now in place
See Finkel recommendations 2.1	Consulting on draft rules to introduce tighter technical performance standards for generators seeking to connect to the electricity grid, and a clearer process for negotiating those standards.	Generator technical performance standards final determination due October 2018
Introducing better frequency control frameworks and mechanisms to manage the system	Recommending options to improve frequency control and keep the power system stable. This includes incentives for generators to use equipment to more effectively control frequency, market options to promote investment in new technologies that can provide least-cost frequency control services more tools for AEMO and better monitoring and reporting on frequency performance and ancillary service markets.	Frequency control frameworks review final report and recommendations due July 2018
See Finkel recommendations 2.2, 2.3, 2.5	Implementing better schemes to manage emergency events with a new category of contingency event called, the protected event, allowing AEMO to take preemptive action to secure the system for certain low probability but high consequence events.	Emergency frequency control scheme rules started in March 2017

AUSTRALIAN ENERGY MARKET COMMISSION
**IMPLEMENTING THE INDEPENDENT REVIEW INTO THE FUTURE SECURITY
 OF THE NATIONAL ELECTRICITY MARKET (FINKEL REVIEW)**
 CONTINUED



Increased security	What we're doing	AEMC projects
Introducing better frequency control frameworks and mechanisms to manage the system See Finkel recommendations 2.2, 2.3, 2.5	Setting the foundations for a competitive distribution market that would enable distributed energy resources owned by consumers to be a more active part of frequency control.	The findings set out in our Distribution market model are being progressed through a number of different channels
	Providing operational guidance to AEMO and market participants to support the effective implementation and operation of new emergency frequency control schemes and inertia and system strength requirements.	A new frequency operating standard took effect in November 2017, and will be considered again mid-2018 to accommodate changes resulting from the Frequency control frameworks review .



Stronger governance	What we're doing	AEMC projects
Advice on strategic priorities for the sector See Finkel recommendations 7.1, 7.2 and 7.4 Maintain a regulatory framework that is fit for purpose See Finkel recommendations 7.7 and 7.9	Assisting the Energy Security Board develop its advice to inform COAG Energy Council's strategic energy plan. This follows advice provided from the Commission to the COAG Energy Council in 2017 which was informed by stakeholder views and provide in line with terms of reference issued by the COAG Energy Council.	Ongoing input to Energy Security Board processes
	The AEMC continually reviews and monitors large parts of the electricity rules through annual and one-off reviews. The AEMC cannot initiate rule changes but makes recommendations to COAG Energy Council through its reviews if the rules need updating for any reason including in light of changing technologies and conditions.	Annual electricity networks economic regulatory frameworks review , Reliability frameworks review , Frequency control frameworks review , Review of embedded networks , Coordination of generation and transmission investment and the Energy sector 2017 strategic priorities .
	The AEMC has been using the expedited rule-change process more often. In addition, we are consolidating related rule requests where possible, rule requests related to reviews are being determined as part of the review process, and AER/AEMO are developing procedures and guidelines alongside associated rule change processes so they can commence together.	See AEMC website for information on categorisation of every rule request.