



## 2020 Electricity network economic regulatory framework review

**The Australian Energy Market Commission (AEMC) has commenced the 2020 Electricity network economic regulatory framework review (2020 Review).**

### **The annual electricity network economic regulatory framework review**

The COAG Energy Council has requested that the AEMC to conduct the Electricity network economic regulatory framework review to monitor market developments on an annual basis, and consider whether the economic regulatory framework for electricity networks is sufficiently robust and flexible to continue to support the long term interests of consumers in a future environment of increased decentralised energy supply.

Through this review, the AEMC consults with relevant stakeholders, highlight emerging and priority issues in the sector, reports on processes under way to address those issues, identify gaps in the broader work program, and make recommendations to the COAG Energy Council on actions to progress necessary reforms — in the context of the evolving electricity system.

The current review is the Commission's fourth such annual review under a standing terms of reference.

### **2020 Review: keeping an eye on the horizon**

#### **Identifying emerging and priority issues beyond distributed energy resources integration**

Distributed energy resources (DER), if integrated efficiently into the electricity system, can deliver significant benefits to all electricity system users. Conversely, customers could bear significant costs if DER is not integrated efficiently.

Recognising this, the *2019 Electricity network economic regulatory framework review* (2019 Review) detailed a series of key recommendations and actions required to integrate the increasing uptake of DER into the national electricity market (NEM) in a way that benefits all electricity system users.

The efficient integration of DER remains a significant area of focus for the AEMC and is one of its strategic priorities. However, since the 2019 Review, a significant program of DER integration work as well as many of the 2019 Review's recommendations have commenced. It is therefore timely to consider whether there are other emerging issues beyond DER integration.

In the 2020 Review, the AEMC will seek to identify a priority list of issues relevant to the electricity sector's transformation that may require attention or reform.

In addition to identifying emerging and priority issues, the 2020 Review will also provide an update on the implementation of recent reforms and report on the AEMC's monitoring of network businesses' key performance indicators.

## Consultation

An approach paper has been published to explain the Commission's approach and seek stakeholders' feedback on the issues the AEMC proposes to consider as part of the 2020 Review.

The approach paper also provides stakeholders with visibility over the broader work program that is being undertaken by the AEMC in relation to network-related issues arising from the transformation of the electricity sector.

Stakeholders are invited to provide submissions on the approach paper by **2 July 2020** via the AEMC website.

The report for the 2020 Review is expected to be published by 1 October 2020.

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