



Background to the Optional Firm Access, Design and Testing Review



AUSTRALIAN ENERGY MARKET COMMISSION
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Background to OFA – the Transmission Framework Review

- Our Transmission Frameworks Review looked at whether existing transmission frameworks produce efficient outcomes
- Our final report was published April 2013
- We observed that differences in the approach to generation and transmission investment processes may not operate to minimise system costs for consumers
- We developed an integrated package of market arrangements, termed ***optional firm access***, to address these problems
- We recommended that governments commit to the detailed design and testing of optional firm access arrangements

What have we been asked to do?

- COAG Energy Council provided terms of reference to a new review (the Optional Firm Access, Design and Testing review) in February 2014
- AEMO also received separate terms of reference
- The AEMC's terms of reference can be summarised as:
 1. **How would OFA work?** (Requires us to do further work on the design, through testing with industry)
 2. **Should our OFA design be implemented?** (Requires us to do further work assessing the impacts)
 3. **If so, how/when should OFA be implemented?** (If it is a staged approach, what should the stages be?)

Project timing

Date	Milestone
24 July 2014	Publish First Interim Report
4 September 2014	Submissions due on First Interim Report
Mid-September 2014	Publish Supplementary Report: pricing
November 2014	Publish Second Interim Report, including draft recommendations as to whether or not OFA should be implemented
By mid-2015	Final Report