



Reporting on drivers of change that impact transmission frameworks

Statement of Approach published

The COAG Energy Council has requested that the Commission implement a biennial reporting regime on a set of drivers that could impact on future transmission and generation investment. The Commission has published a Statement of Approach setting out our proposed methodology and approach to consultation that we will adopt in conducting this biennial reporting. The reporting will commence in January 2017.

Terms of Reference

In February 2016, the COAG Energy Council (Energy Council) wrote to the Australian Energy Market Commission (AEMC or Commission) stating that it supported the AEMC's recommendations in the final report for the Optional Firm Access, Design and Testing review to implement a biennial regime to report on a set of drivers that could impact on future transmission and generation investment.

The Energy Council therefore directed the AEMC to implement a biennial reporting regime in accordance with the terms of reference attached, and under section 41 of the National Electricity Law.

The terms of reference set out that the AEMC will undertake a two-stage approach to the reporting of conditions that influence transmission and generation investment:

- Stage 1 would be a high-level qualitative analysis of the set of drivers for generation and transmission investment; that is, variables that could influence the *amount* of transmission and generation investment, as well as its location and technology.
- Stage 2 would be an in-depth analysis of the current and projected state of the drivers, and would involve further assessment, including quantitative analysis. Stage 2 would also look at whether changes to the transmission frameworks would be warranted.

Statement of Approach

In response to this terms of reference, the Commission has prepared a Statement of Approach, which sets out our proposed methodology and approach to consultation that we will adopt in conducting this biennial reporting.

We have published this Statement of Approach on our website for information, alongside the terms of reference received from the Energy Council.

Next steps and timing

As set out in the terms of reference, we must publish the Stage 1 report at least every two years. We therefore propose to commence the reporting in January 2017, with the final Stage 1 report to be published by June 2017.

The reporting will then proceed on the basis set out in the terms of reference.

We note that after six years we will review the effectiveness of the reporting, and make a recommendation to the Energy Council as to whether or not the reporting should continue.

For information contact:

AEMC Senior Director, **Suzanne Falvi** (02) 8296 7883
AEMC Director, **Victoria Mollard** (02) 8296 7872

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

18 July 2016