Contestability of energy services: overview

Public forum on Contestability of energy services: 25 January 2017

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AUSTRALIAN ENERGY MARKET COMMISSION
Agenda

- Introductions
- Housekeeping
- Format
Background


• The requests focus on the regulation of services provided by new and emerging technologies. Particularly those located behind the meter.

• They relate to broad questions of:
  – whether those services should be economically regulated;
  – how they are economically regulated (if they are); and
  – the arrangements if DNSPs seek to provide unregulated services.

• They seek to increase contestability of service provision.
Consultation

- What we would like to achieve through our consultation process:
  - Develop a common understanding of the current regulatory arrangements with stakeholders.
  - Identifying and specifying the issues and their causes.
  - Assessing the materiality and impact of the issues.
  - Identifying potential solutions proportionate to the materiality of the issues.
  - Determining whether any potential solutions would promote the NEO.
Overview

Issues
- Classification of services
  - Process
  - Principles
  - Definitions

Solutions
- COAG focus
  - Regulation of economically regulated services
    - Transparency
    - Service delivery discretion
    - Capex vs opex
      - RIT-D
      - Procurement only approach
      - Incentive mechanisms
      - Expenditure forecasts
      - Total expenditure
      - Binding RIT-D
      - Planning framework
    - Arrangements across service classifications
      - Shared assets mechanism
      - Cost allocation
      - Ring-fencing

AEC focus

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<thead>
<tr>
<th>AEMC related work</th>
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<tr>
<td><strong>Connections</strong></td>
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<td><strong>Planning &amp; investment</strong></td>
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<td><strong>Distributed energy</strong></td>
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<td><strong>New technologies</strong></td>
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**Regulation**

- **Contestability of energy services**
  - (Consultation paper published December 2016)

- **Replacement expenditure planning arrangements**
  - (Consultation paper published October 2016)

- **Transmission connection & planning arrangements**
  - (Draft determination published December 2016)

**Pricing**

- **Alternatives to grid supply**
  - (Consultation paper scheduled for March 2017)

- **Distribution market model**
  - (Approach paper published December 2016)

- **Review of network regulation**
  - (Approach paper published December 2016)
### Key dates

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<tr>
<th>Milestone</th>
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<tr>
<td>Rule change request received from COAG Energy Council</td>
<td>2 September 2016</td>
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<tr>
<td>Rule change request received from AEC</td>
<td>20 October 2016</td>
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<tr>
<td>Consultation paper published</td>
<td>15 December 2016</td>
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<td>Public forum on the consultation paper</td>
<td>25 January 2017</td>
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<td>Deadline for submissions to the consultation paper</td>
<td>9 February 2017</td>
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<td>Stakeholder workshops</td>
<td>March – June 2017</td>
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<tr>
<td>Options paper/draft determination published</td>
<td>1 September 2017</td>
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