

# Transmission Frameworks Review Consultative Committee

## Transmission Frameworks Consultative Committee

In the terms of reference for the Transmission Frameworks Review, the Ministerial Council on Energy (MCE) directed the AEMC to establish a Consultative Committee to provide advice throughout the Review process.

The purpose of the Consultative Committee is to advise the Commission's considerations, and to facilitate effective engagement with the energy sector.

Throughout the Review process, the Consultative Committee will meet to provide comment to the Commission regarding the content and recommendations made in each Review document. The Consultative Committee may also be asked to provide expert advice in regards to specific issues.

## Consultative Committee Terms of Reference

The purpose of the Consultative Committee is to provide technical advice to the AEMC, as well as to comment on the analysis and recommendations made by the AEMC throughout the Review.

Specifically, the Consultative Committee will be asked to:

- provide advice to the AEMC with respect to the principles and specific areas for consideration as identified in the MCE's terms of reference;
- provide comment on key areas of consideration and relevant recommendations made in each of the Review reports published for stakeholder comment;
- provide views and commentary on behalf of the particular section of the energy industry represented by the Committee member; and
- operate in accordance with all confidentiality obligations.

The meeting will be chaired by the AEMC Chairman, Mr. John Pierce. Other AEMC staff will attend the meetings of the Consultative Committee as appropriate.

# Consultative Committee Membership

## Government, Regulatory and Market Operator Representatives

- Mr David Swift: Executive General Manager, Corporate Development  
Australian Energy Market Operator
- Mr Tom Leuner: General Manager, Wholesale Markets  
Australian Energy Regulator
- Mr Brendan Morling: Head of Division, Energy and Environment  
Department of Resources, Energy and Tourism

## Industry representatives

- Mr Terry Kallis: Managing Director, Petratherm  
(Mr Kallis representing the Australian Geothermal Energy Association)
- Mr Russell Marsh: Policy Director  
Clean Energy Council
- Mr Jim Bain: Director, Regulation and Energy Market Development  
Energy Networks Association
- Mr Tim O'Grady: Head of Public Policy, Origin Energy  
(Mr O'Grady representing the Energy Retailers Association of Australia)

- Mr Kieran Donoghue: General Manager, Policy  
Energy Supply Association of Australia
- Mr Peter McIntyre: Managing Director, Transgrid  
Mr Rainer Korte: Executive Manager, Electranet  
(Mr Korte and Mr McIntyre representing Grid Australia)
- Mr Jamie Lowe: Manager, Market Regulation, Alinta Energy  
(Mr Lowe representing the Private Generator Group)
- Mr David Scott: Regulatory Analyst, CS Energy  
Mr Kevin Ly: Manager, Market Development and Strategy, Snowy Hydro  
(Mr Scott and Mr Ly representing the National Generators Forum)
- Mr Mark Byrne: Energy Market Advocate  
Total Environment Centre

## End User Representatives

- Mr Bruce Mountain: Director, Carbon Market Economics  
(Mr Mountain representing Energy Users Association of Australia)
- Mr Shane Bewry: Chair  
Major Energy Users

# Synopsis of meetings of the Consultative Committee

## 1st meeting of the Consultative Committee

The first Committee meeting was held in Sydney, on 26 July 2010.

Members discussed the process and scope of the Review in the context of potential policy, technology and market developments. Members then discussed the content of a draft version of the Review Issues Paper, including the scope of the document and the questions it raised.

The following points were noted:

- The Review will consider the role of transmission, including the meeting of reliability standards and the wider role of transmission in facilitating market competition.
- The Review will take a “long view” of the transmission frameworks in light of a wide range of potential policy and technology developments.
- The Review will consider transmission framework implications for all participants, including TNSPs, generation and load (including demand side participation).
- The Review will focus on achieving system wide efficiencies. This will include consideration of what may be an efficient level of congestion, in a system wide context.
- The Review will acknowledge current reforms to the energy market which have recently been implemented, including the RIT-T and the establishment of the national transmission planning framework.
- Throughout the Review process, the Commission will be seeking clearly argued, evidence-based submissions.

## 2nd meeting of the Consultative Committee

The second Committee meeting was held in Melbourne, on 15 December 2010.

The meeting followed the publication and consultation period for the Review Issues Paper, released in August 2010. The main purpose of the meeting was to provide an opportunity for Committee members to present to the Commission on the key issues raised in their submissions.

A total of ten presentations were made at the meeting:

- Presenters expressed diverse and sometimes conflicting views across a wide range of issues relating to the transmission frameworks. Some presenters advocated retaining the current arrangements, while others suggested more significant changes.
- Discussion of specific issues included:
  - the persistence and materiality of congestion;
  - access and network charging regimes; and
  - economic regulation and ownership structures of transmission network service providers.
- The Commission noted the scope and depth of issues to be considered, and that the next Committee meeting to be held early in 2011 would provide an opportunity to discuss these further.
- A Directions Paper will be published in early 2011 that will address the issues raised in submissions and set out the key themes for consideration prior to releasing policy options.

# Synopsis of meetings of the Consultative Committee

## 3rd meeting of the Consultative Committee

The third meeting of the Consultative Committee was held in Sydney, on Monday 7 March 2011.

The purpose of the meeting was for Commission staff to present and discuss with Consultative Committee members the issues the Commission has identified for further investigation under the Review, including its framework for further considering these issues.

The Commission has grouped the issues into five workstreams that sharpen the focus of the framework elements set out in the MCE terms of reference. The five workstreams are:

- Access arrangements
- Network charging
- Congestion
- Planning
- Connection arrangements

Consultative Committee members provided their views on whether the matters for consideration under each workstream were correctly specified and characterised.

The feedback received from Consultative Committee members will be reflected in the forthcoming Directions Paper, and will be used to inform the work subsequently undertaken.

The Directions Paper is due for release in April 2011.

## 4th meeting of the Consultative Committee

The fourth meeting of the Consultative Committee was held in Sydney, on Wednesday 28 September 2011.

The purpose of the meeting was for Commission staff to present and discuss with Consultative Committee members the policy packages developed as part of the review's First Interim Report. The Commission staff also presented options for reforming planning and connections frameworks.

The Commission has synthesised the five workstreams previously developed into five internally consistent policy packages for possible reform to the existing frameworks. These packages take into account the interactions and interdependencies between access, congestion, charging, planning and, to some extent, connections.

The five packages range across a spectrum from minimal changes to approaches adopted in other countries. In particular, these focus on approaches that provide varying degrees of "firmness" of access to generators and the consequential implications for the remaining areas of the frameworks.

Consultative Committee members provided their views on the internal consistency, and aptness for consultation, of the packages. Although views on the merits of the different packages varied, in general members considered it appropriate for all policy packages to be consulted on at this stage.

The feedback received from Consultative Committee members will be reflected in the forthcoming First Interim Report due for release in November 2011.

# Synopsis of meetings of the Consultative Committee

## 5<sup>th</sup> meeting of the Consultative Committee

The fifth meeting of the Consultative Committee was held in Melbourne, on Wednesday 18 April 2012.

The purpose of the meeting was for:

- AEMC staff to present the high level messages contained in submissions to the First Interim Report;
- those who proposed alternative comprehensive reform “packages” to have the opportunity to present these to the Commission and Committee; and
- the AEMC staff to provide an indication of how it intends to advance the review towards the Second Interim Report.

The discussion that followed the summary of submissions was focussed on questions of the materiality and incidence of costs associated with congestion and the desire of some market participants to achieve a greater degree of certainty regarding access and the timing of transmission upgrades.

Alternative models for reforming transmission frameworks were presented by International Power–GDF Suez, the Australian Energy Regulator, the Australian Energy Market Operator and the Major Energy Users. It was noted that, in many respects, a degree of convergence has developed between the models and the options for reform that the Commission is carrying forward.

AEMC staff described how further development of this model will form the basis of an access workstream (comparing a model offering optional firm access to one based on current arrangements), with other work ongoing on planning and connections.

## 6<sup>th</sup> meeting of the Consultative Committee

The sixth meeting of the Consultative Committee was held in Sydney, on Wednesday 21 November 2012.

The purpose of the meeting was for:

- the AEMC to present the high level messages contained in submissions to the Second Interim Report;
- the AEMC to provide an indication of how it intends to advance the review towards the Final Report; and
- the Committee to provide guidance on key issues that are still under consideration by the review:
  - connections contestability;
  - access pricing, and the role of forecasting; and
  - consistency of the enhanced NTP functions with current Victorian arrangements.

David Scott, representing the NGF, presented a critique of the proposed optional firm access model, and gave reasons why the NGF does not support the proposal.

Due to time limitations, a detailed discussion of access pricing did not occur. The AEMC invited Committee members to meet with AEMC staff on an individual basis to pursue this topic further.

The AEMC invited the NGF and the AER to provide more information quantifying the materiality of the effects of disorderly bidding.