

COAG Energy Council

Meeting Communique

Friday, 17 February 2017

ENERGY MINISTERS MET TODAY VIA TELEPRESENCE FOR THE NINTH COAG ENERGY COUNCIL MEETING

Security in the National Electricity Market and affordability of electricity as we transition to a lower emissions future remain the top priorities of the COAG Energy Council.

Security in the National Electricity Market

Ministers discussed the risks posed to the security and reliability of the National Electricity Market (NEM) and the affordability of electricity for Australian consumers in light of the events of 8 to 11 February 2017 in South Australia, New South Wales and the Australian Capital Territory.

All Ministers agreed understanding both the sequence and underlying causes of the events of 8 to 11 February, and the voluntary reduction of demand during the period, is of critical importance in making decisions on market reform and instituting technological changes in the NEM.

The Australian Energy Market Operator (AEMO) and the Australian Energy Regulator (AER) provided updates to Ministers to explain their understanding of events, discuss next steps and aid Ministers' understanding of risks and challenges in the NEM.

The Commonwealth updated the Council on its intention to work with AEMO and the Bureau of Meteorology to provide additional forecasting expertise in light of the extreme weather events affecting the NEM.

Ministers also heard from Dr Alan Finkel AO, Chair of the *Independent Review into the Future Security of the National Electricity Market*, regarding options to fast-track 'proof-of-concept' projects designed to increase security and reliability in Australia's physical electricity system as the generation mix continues to change into the future.

Ministers also discussed crucial market reforms which will underpin the commerciality of projects demonstrating the capability to enhance the security and reliability of the NEM, including the Australian Energy Market Commission's review of the markets and technical requirements that will be needed in future, and rule change requests on inertia, emergency frequency management and system strength.

Gas Market Reform

Ministers welcomed a progress report from Dr Michael Vertigan AC and the Gas Market Reform Group. Ministers agreed changes to the National Gas Law to implement the new commercial arbitration framework and information disclosure requirements.

Energy Market Transition

Ministers discussed progress on the implementation of significant reforms to the Limited Merits Review regime, agreed in-principle on 14 December 2016. Officials are working to develop key elements of the reform package, designed to reduce electricity and gas bills through lower network costs.

Energy Market Governance

Ministers agreed to recommend the reappointment of Mr James Cox to the Board of the AER for three years, noting his exemplary service, extensive knowledge and experience. Progress on the appointment of upcoming vacancies on the Board of AEMO was noted.

Membership

The COAG Energy Council comprises Commonwealth, State, Territory and New Zealand Ministers responsible for energy and resources.

Commonwealth (Chair)	The Hon Josh Frydenberg MP Minister for the Environment and Energy
Commonwealth	Senator the Hon Matthew Canavan Minister for Resources and Northern Australia
New South Wales	The Hon Don Harwin MLC Minister for Resources, Energy and Utilities, and the Arts
Victoria	The Hon Lily D'Ambrosio MP Minister for Energy, Environment and Climate Change The Hon Wade Noonan MP Minister for Industry and Employment Minister for Resources
Queensland	The Hon Dr Anthony Lynham MP Minister for Natural Resources and Mines The Hon Mark Bailey MP Minister for Energy and Water Supply
Western Australia	The Hon Sean L'Estrange MLA Minister for Mines and Petroleum The Hon Dr Mike Nahan MLA Minister for Energy
South Australia	The Hon Tom Koutsantonis MP Minister for Mineral Resources and Energy
Tasmania	The Hon Matthew Groom MP Minister for Energy The Hon Guy Barnett MP Minister for Resources
Australian Capital Territory	Mr Shane Rattenbury MLA Minister for Climate Change and Sustainability
Northern Territory	The Hon Kenneth Vowles MLA Minister for Primary Industry and Resources The Hon Nicole Manison MLA Treasurer
New Zealand	Hon Judith Collins MP Minister of Energy and Resources

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