



Have your say on market reform of the national electricity market

Energy Security Board releases consultation paper for public feedback

ESB Independent Chair, Dr Kerry Schott AO, today released a consultation paper outlining a comprehensive redesign of Australia's energy market with seven market development initiatives.

"These initiatives consider almost all aspects of how electricity is generated and dispatched, how consumers can access the services they want and how investment can occur in the most efficient way to avoid unnecessary costs," Dr Schott said.

"It is clear that the rules and market frameworks need to evolve to keep up with the accelerating pace of change, which is leading to security and reliability challenges and less than ideal outcomes for consumers.

The rapid and continued uptake of grid scale renewables and distributed energy resources has transformed our energy system:

- Today solar PV is installed on more than 2.2 million households, up from 100,000 10 years ago
- In last decade more than 10GW of grid-scale renewables connect to the NEM, 5GW in the last 3 years.

Dr Schott, said that reforms are critical to ensure the NEM is fit for purpose for the future and can accommodate new and different needs of the electricity system, market participants and consumers.

"The transformation roadmap released today is open for public review and response," she said. "Some changes can be implemented now and others before and after 2025. This major reform is a change journey to and beyond 2025 – it is not a one "big bang" reform process."

"We are working towards delivering the results of this consultation and recommendations to energy ministers at the end of this year. It's a big agenda but the scale of the challenges mean it is imperative that this package be considered holistically. No reform will be left behind."

The Post-2025 Market Design Consultation Paper published today follows a request from the (former) COAG Energy Council to develop market reforms to support the transition of the National Electricity Market (NEM) and drive better consumer outcomes.

Developed in collaboration with the Australian Energy Market Commission, Australian Energy Regulator, Australian Energy Market Operator, these reforms are aimed at systemically modernising the market design and regulatory frameworks to meet the needs of the energy transition and unlock value for consumers from new energy and digital technologies, including from distributed energy resources.



“Together with the market bodies, the ESB has completed a significant body of work to develop a range of potential market reforms aimed at supporting the transition currently underway across NEM. The ESB is looking closely at what measures might be needed to achieve timely and efficient investment - and how we can update the market design and regulation so it works for all consumers.

“This is a substantial package which builds on a great deal of feedback from stakeholders and interested parties over the past six months. We are very interested in feedback from all interest groups on the directions we have set out as we work towards a final set of recommendations.”

The potential solutions have been set out in the following groups:

- Resource Adequacy Mechanisms
- Aging Thermal Generation Strategy
- Essential System Services
- Ahead Mechanisms
- Two-Sided Markets
- Distributed Energy Resources (DER) Integration
- Transmission Access and the Coordination of Generation and Transmission

One of the biggest value adds of the Post-2025 reform program is that it provides an opportunity to develop a coherent long-term reform path, and consider how different elements work together as a package of reforms, rather than on an individual basis. Ongoing collaboration across the market bodies is continuing to ensure the reform program remain aligned with broader policy developments, and to reduce duplication where possible.

Stakeholders can provide feedback by 19 October 2020.

Final recommendations on all reforms will be made to Ministers by mid-2021.

Ends.

The Energy Security Board has five members;

Dr Kerry Schott AO Independent Chair

David Swift Independent Deputy Chair

Clare Savage Chair of the Australian Energy Regulator

Merryn York Chair of the Australian Energy Market Commission (Acting)

Audrey Zibelman Managing Director and CEO of the Australian Energy Market Operator

ESB Media Enquiries:

Andrea Gaffney 0406 547 764

Email: info@esb.org.au