

19 June 2017

COAG Energy Council Secretariat
GPO Box 797
Canberra ACT 2601

By email: energycouncil@environment.gov.au

Australian Energy Market Commission Establishment (Governance) Amendment Bill 2017

Dear Secretariat,

Energy Networks Australia welcomes COAG Energy Council implementation of some key recommendations of the *Review of Governance Arrangements for the Australian Energy Markets* (the Governance Review) and the opportunity to comment on the proposed *Australian Energy Market Commission Establishment (Governance) Amendment Bill 2017* (the Bill).

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses of Energy Networks Australia provide energy to virtually every household and business in Australia.

Energy Networks Australia has actively proposed and supported the Governance Review recommendation that the total number of Australian Energy Market Commission (AEMC) Commissioners should be increased from the existing three to five. In making that recommendation, the Review correctly reflected on the possible increase in workload that the AEMC could be expected to undertake into the future. In December 2015, the COAG Energy Council agreed to this recommendation.

The Governance Review also noted stakeholder concerns about the diversity of the background and experience of the existing AEMC governance structure and potential issues with respect to adequate succession planning. Energy Networks Australia agrees that the ability to appoint up to five Commissioners to the AEMC will allow more effective succession planning, in addition to addressing concerns related to diversity and increased workload. Developments in the energy market since the Governance Review strongly reinforce the need for this expanded AEMC capacity.

Energy Networks Australia notes that the proposed legislation will enable a change to the composition of the AEMC by increasing the possible membership from three to up to five Commissioners. Should the Bill be passed, it will therefore be optional for the COAG Energy Council to appoint up to two additional Commissioners. Energy Networks Australia encourages the COAG Energy Council to take early advantage of the proposed amendment to the *Australian Energy Market Establishment Act 2004*, in order to achieve the benefits foreshadowed in the Governance Review.

Energy Networks Australia supports amendments that will require prospective Commissioner appointments to be supported by at least two-thirds of participating Council jurisdictions and consequential changes in the quorum arrangements at AEMC meetings to reflect the change in the number of AEMC Commissioners.

Importantly, 'Stronger Governance' was identified as a key implementation pillar in the Final Report of the *Independent Review into the Future Security of the National Electricity Market* (the Finkel Review) which identified the Governance Review as the most significant of recent reviews of National Electricity Market (NEM) governance arrangements¹.

The Finkel Review notes that, in addition to implementing the recommendations of the Governance Review, including the appointment of additional AEMC Commissioners, further action is required to strengthen NEM governance. Energy Networks Australia agrees that implementation of this draft legislation and the efficient implementation of the remaining Governance Review recommendations will support optimal functioning of the NEM.

Energy Networks Australia members commend finalisation of this draft legislation and look forward to active implementation of the Governance Review's remaining yet unimplemented recommendations.

Should you have any additional queries, please feel free to contact Ms Kate Healey, Director Regulation on (02) 6272 1516 or khealey@energynetworks.com.au.

Yours sincerely,



JOHN BRADLEY
Chief Executive Officer

¹ Commonwealth of Australia 2017, *Independent Review into the Future Security of the National Electricity Market: Blueprint for the Future*, June 2017, pgs. 161-162.