

## ESB Review – Energy Ministers response

	Recommendation	Response
1	<p>The Energy Security Board (ESB) remains in place until the end of December 2021 allowing sufficient time for Energy Ministers to consider and agree the range of proposals and market design changes to provide for the fit-for-purpose market framework. This time period would allow Energy Ministers to have made all decisions required for this in line with the current ESB timetable and work program, and allow for a six-month transition and orderly wind up of the ESB.</p>	<p>Agreed in part</p> <p><i>Energy Ministers agree to extend the term of the ESB until at least December 2021, pending completion of the post 2025 market design project.</i></p>
2	<p>Transition planning for the cessation of the ESB should include a proposal for a Market Bodies Forum (MBF). The Review recommends that there is representation by Senior Energy Officials on a MBF and that senior officials should be responsible for working with the market bodies to develop this forum. The Review agrees with the market bodies that the AEMC is the appropriate organisation to provide secretariat support to such a body. A range of other issues will need to be considered including: membership, which entity should chair the MBF, and in what way should the market bodies be given a statutory obligation to coordinate in pursuit of their common statutory objectives in order to underpin the working of the MBF.</p>	<p>Agreed in principle</p> <p><i>Energy Ministers will consider options for future energy governance arrangements in mid-2021 pending the recommendations of the post-2025 market design work.</i></p>
3	<p>Clarity around the role of the ESB and relationships with the three market bodies should be given by Energy Ministers by issuing a Statement of Expectations for the ESB. The ESB should respond with a Statement of Intent.</p>	<p>Agreed in part</p> <p><i>Energy Ministers will issue a revised Terms of Reference to the ESB that will incorporate Ministerial expectations.</i></p>
4	<p>Energy Ministers should issue revised Statements of Expectations for the AEMC and AER, and a revised Statement of Role for AEMO.</p>	<p>Agreed</p>
5	<p>The role of ESB should be refined to focus on delivery of post 2025 market design advice and the ESB work program as outlined in outcomes from the 20 March Energy Council meeting. This can be done by a revised Terms of Reference and a new Statement of Expectations and Board operating charter.</p>	<p>Agreed</p>

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6	A revised Terms of Reference or Statement of Expectations should make it explicit that the ESB will not use, or should not use, the s90F process for the making of recommendations to Energy Ministers.	Not agreed <i>S90F provides a pathway for Energy Ministers to fast-track reliability and security rule changes.</i>
7	The ESB, through Senior Energy Officials, should submit a draft operating charter to Energy Ministers for endorsement as soon as practicable.	Agreed in part <i>Energy Ministers will issue a revised Terms of Reference to the ESB that will include operating procedures.</i>
8	The revised AEMO Statement of Role referred to in Recommendation 4 should address the issue of AEMO's role in the provision of policy or market development advice.	Agreed
9	The ESB should ensure that appropriate mechanisms are in place to engage with and address issues raised by the non-NEM jurisdictions.	Agreed
10	The ESB should develop a detailed communications and engagement strategy for the post 2025 market design project supported by the appropriate level of resources. The strategy should explicitly describe the narrative that draws together the multiple work streams in to a comprehensive vision of the desired future state of the electricity markets and the linkages to the overarching goals of the strategic energy plan.	Agreed
11	Energy Ministers should appoint the Chair of the group of Senior Energy Officials as an ex-officio but non-voting member of the ESB. As outlined in Recommendation 2, transition planning for the cessation of the ESB should be given to Senior Energy Officials, including the development of the MBF.	Not agreed <i>Energy Ministers do not agree Senior Government Official representation provides additional benefit to the role of the ESB.</i>  <i>Energy Ministers will consider options for future energy governance arrangements in mid-2021 pending the recommendations of the post-2025 market design work.</i>

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12	Energy Ministers should implement the recommendations of the Vertigan Review in relation to increasing the support for Senior Energy Officials by an expanded secretariat and ensuring that the policy capability is enhanced in a way that supports the officials' role in the longer term for a system that does not include the ESB.	Agreed in-principle  <i>Energy Ministers will consider options for future energy governance arrangements in mid-2021 pending the recommendations of the post-2025 market design work.</i>
13	Energy Ministers should ensure through the 2020-21 budget process that the ESB has sufficient resources to undertake its revised functions, including the ability to work seamlessly with any Energy Ministers Secretariat function to support the operations of Energy Ministers, and sufficient resources to provide for an enhanced communications and engagement function.	Agreed
14	Should Energy Ministers wish to put in place a framework for appointment of the Chair and Deputy Chair of the ESB, then this should be in line with the standard process for senior appointments to other market bodies, and the Council Appointments Protocol should be amended to include the appointment of an ESB Chair and Deputy Chair. For a non-statutory, time-limited ESB it would make sense for the Commonwealth to continue as the employing authority, with the positions appointed by Energy Ministers using an N-2 principle as outlined in the decision making protocol. Given the work of the ESB affects all jurisdictions and in line with practice relating to ESB matters, all jurisdictions are eligible to vote.	Not agreed  <i>Energy Ministers agree the Council Appointments Protocol and process require update to reflect current requirements pending the outcomes of the National Cabinet Review of COAG Councils and Ministerial Forums.</i>