

# COAG Energy Council

Meeting Communique

Friday 24 November 2017

## ENERGY MINISTERS MET TODAY IN HOBART FOR THE FIFTEENTH COAG ENERGY COUNCIL MEETING

*Ministers met to discuss their top priority – ensuring reliable and affordable supply of electricity whilst working towards a lower emissions future. They noted the absence of the Queensland ministers due to the state election with the Queensland government in caretaker.*

### **The National Energy Guarantee**

Dr Kerry Schott AO, Chair of the Energy Security Board (ESB), presented the National Energy Guarantee and the accompanying modelling report. All jurisdictions voting on the Guarantee supported progressing further extensive work on the design, including consultation in early 2018, except South Australia and the Australian Capital Territory. South Australia and the Australian Capital Territory asked COAG Energy Council to model the Emissions Intensity Scheme and the Clean Energy Target alongside the Guarantee and Council declined. The Council will consider the design of the Guarantee following work undertaken by the ESB in April 2018. All jurisdictions will be involved in undertaking further analysis with the ESB. The ESB will consult with stakeholders through this process.

Ministers formally amended the Terms of Reference for the ESB including that it only undertake work as directed by the COAG Energy Council.

### **The National Energy Market**

Ministers have been updated on preparations for security of supply this summer following a report on the actions underway from Ms Audrey Zibelman, the Chief Executive Officer of the Australian Energy Market Operator.

Dr Schott also presented the inaugural Health of the National Electricity Market Report which highlighted the risks and challenges facing the NEM. The Council commends the work of the Board, given the short time-frame available to stand-up the organisation and prepare the report.

Mr Rod Sims, the Chair of the Australian Competition Consumer Commission, provided an overview of the interim reports for the Electricity Supply and Prices Inquiry and the Gas Inquiry.

### **Gas Market Reform**

Dr Mike Vertigan AC informed Council of the progress on the package of capacity trading reforms including standardisation of gas transportation contracts, proposed design of the capacity trading platform and proposed design of the secondary capacity trading reporting framework. Extensive consultation was undertaken on the design and implementation of the recommendations and stakeholders were broadly supportive of the design of these reforms. These actions will improve the efficiency of transportation capacity markets and reduce costs for market participants.

Ministers agreed the full package of reforms to commence in March 2019. A review of the Northern Territory gas market will be conducted ahead of this.

Further consideration to be given to apply the new arbitration and information disclosure provisions to lightly covered pipelines.

Ministers also discussed options for further gas pipeline regulation following the successful implementation of the new arbitration framework which came into force on the 1 August 2017.

Ministers noted the additional gas to be supplied under the Australian Government's agreement with east coast LNG exporters means that export restrictions under the Australian Domestic Gas Security Mechanism will not be needed for 2018.

The Council discussed the importance of delivering actions to support further commercial exploration and development of offshore gas resources and underground gas storage to deliver reliable and affordable gas supplies for domestic gas users.

## **Resources Issues**

Ministers noted the issues highlighted by Western Australia regarding mine site rehabilitation financial obligations and associated interpretations within the Corporations Act and the Australian Accounting Board Standards. Ministers agreed that an investigation of a nationally consistent approach to these issues be undertaken by the Resources and Engagement Working Group which will report back to Ministers by mid-2018.

## **Appointments**

Council agreed to the appointment of two new Commissioners to the Australian Energy Market Commission. Western Australia was asked to provide an additional nominee prior to the Council's next meeting.

## **Matt Zema Scholarship**

The Matt Zema Scholarship has been formally established and the Trustee (Australian Energy Market Operator) has appointed the initial members of the committee administering the fund. The scholarship will support the continuing development and operation of Australia's energy markets through innovative postgraduate research.

## **Stakeholder Roundtable**

A Stakeholder Roundtable with around 100 participants from not-for-profit organisations, consumer groups, industry bodies and businesses was held in conjunction with the Council meeting.

## Membership

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

Commonwealth (Chair)	<b>The Hon Josh Frydenberg MP</b> Minister for the Environment and Energy
Commonwealth	<b>Senator the Hon Matthew Canavan</b> Minister for Resources and Northern Australia
New South Wales	<b>The Hon Don Harwin MLC</b> Minister for Resources Minister for Energy and Utilities Minister for the Arts
Victoria	<b>The Hon Lily D'Ambrosio MP</b> Minister for Energy, Environment and Climate Change Minister for Suburban Development  <b>The Hon Tim Pallas MP</b> Treasurer Minister for Resources
Queensland	<b>The Hon Dr Anthony Lynham MP</b> Minister for State Development Minister for Natural Resources and Mines A/g Minister for Agriculture and Fisheries A/g Minister for Rural Economic Development  <b>The Hon Mark Bailey MP</b> Minister for Main Roads, Road Safety and Ports Minister for Energy, Biofuels and Water Supply
Western Australia	<b>The Hon Bill Johnston MLA</b> Minister for Mines and Petroleum Minister for Commerce and Industrial Relations Minister for Electoral Affairs Minister for Asian Engagement  <b>The Hon Ben Wyatt MLA</b> Treasurer Minister for Finance Minister for Energy Minister for Aboriginal Affairs
South Australia	<b>The Hon Tom Koutsantonis MP</b> Treasurer Minister for Finance Minister for State Development Minister for Mineral Resources and Energy
Tasmania	<b>The Hon Guy Barnett MP</b> Minister for Resources Minister for Energy Minister for Building and Construction
Australian Capital Territory	<b>Mr Shane Rattenbury MLA</b> Minister for Climate Change and Sustainability Minister for Corrections Minister for Education Minister for Justice and Consumer Affairs Minister for Road Safety
Northern Territory	<b>The Hon Kenneth Wowles MLA</b> Minister for Primary Industry and Resources Minister for Arafura Games  <b>The Hon Nicole Manison MLA</b> Treasurer Minister for Children Minister for Infrastructure, Planning and Logistics
New Zealand	<b>Hon Dr Megan Woods MP</b> Minister of Energy and Resources, Greater Christchurch Regeneration, Research, Science and Innovation Minister Responsible for the Earthquake Commission

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