

COAG Energy Council

Terms of Reference

Chair	The Commonwealth Minister for Industry and Science is the Chair.
Membership	<p>The Council consists of ministers from the Commonwealth, each state and territory, and New Zealand, with portfolio responsibility for energy and resources.</p> <p>A maximum of two ministers from each jurisdiction may sit on the Council. Each jurisdiction shall nominate a Senior Minister with responsibility for energy and/or resources to act as its primary representative on the Council.</p> <p>In addition to members, the Council’s Senior Committee of Officials will attend meetings.</p> <p>The Chair may invite representatives from other agencies to participate in specific meetings, as appropriate.</p>
Operations	<p>The Council will meet twice a year. Further work may be conducted out-of-session¹.</p> <p>The Council will make decisions on the basis of consensus wherever possible, except in such cases where specific voting rules are prescribed by a relevant governing instrument, as listed below:</p> <ul style="list-style-type: none"> • Australian Energy Market Agreement (AEMA) (as amended 2013); • <i>National Electricity (South Australia) Act 1996 (SA)</i>; • <i>National Gas (South Australia) Act 2008 (SA)</i>; • <i>Australian Energy Market Commission Establishment Act 2004 (SA)</i>; • <i>National Energy Retail Law (South Australia) Act 2011 (SA)</i>; • <i>Competition and Consumer Act 2010 (Cth)</i>; • <i>Greenhouse and Energy Minimum Standards Act 2012 (Cth)</i>; • <i>Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)</i>. <p>The principle of one vote per jurisdiction will apply.</p>
Scope of Council responsibility	<p>The Energy Council will provide a forum for collaboration between jurisdictions on matters of national significance requiring joint action by the Commonwealth, state and territory governments, including developing and implementing an integrated and coherent national energy and mineral resources policy.</p> <p>The Council recognises the synergy between the energy and energy resources sectors where, in many instances they are inextricably linked across the supply chain. Therefore the scope of the Council includes oversight of national cooperation on energy and mineral resources policy.</p> <p>The Council’s work will cover the following broad themes:</p>

¹ “Out of session” is taken to include all communications and decision-making fora outside of scheduled face-to-face meetings of the Energy Council.

COAG Energy Council

Terms of Reference

1. **Overarching responsibility and policy leadership for Australian gas and electricity markets**, including:
 - Development of secure, effective and competitive markets;
 - Promotion of energy affordability and efficiency;
 - Stimulation of technical and economic efficiency in the supply, distribution and consumption of energy in Australia;
 - Oversight of governance and regulatory frameworks;
 - Development of energy and climate change mitigation policies to enhance the security and efficiency of the National Electricity Market.
2. **Promotion of energy efficiency and energy productivity in Australia**, including:
 - Encouragement of technology innovation.
3. **Australian electricity, gas and petroleum product energy security**, including:
 - Development of national liquid fuels and natural gas emergency response policies;
 - Assessment of long term supply and demand;
 - Promotion of markets that are resilient to financial, physical and climate change related threats.
4. **Cooperation between Commonwealth, state and territory governments**, including:
 - Enhancement of national consistency between regulatory frameworks to reduce costs and improve the operation of the energy and resources sectors;
 - Research;
 - Skills and training;
 - Safety and community engagement;
 - Addressing outcomes from the Commonwealth's abolition of the carbon tax.
5. **Facilitating the economic and competitive development of Australia's mineral and energy resources**, including:
 - Progressing constructive and compatible changes to the basic legislative and policy framework for the sustainable development of mineral and energy resources.

The following overarching principles will underpin the Council's approach to its current work program and new and emerging issues:

- Promoting the interests of electricity and gas consumers by overseeing the development and maintenance of competitive electricity and gas markets

COAG Energy Council

Terms of Reference

	<p>and effective regulation of network monopoly infrastructure;</p> <ul style="list-style-type: none">• Greater productivity, energy efficiency and sustainability to be core goals;• Industry and other stakeholder participation in policy development and implementation;• Regulatory and governance reform to streamline processes and decision-making and deliver outcomes more efficiently and consistently. <p>The Council’s work program will include, where relevant, its existing responsibilities under Commonwealth and State legislation, National Agreements, National Partnerships and any other governance arrangements, as listed at Schedule A.</p> <p>The Council will work actively to ensure all mainstream and Indigenous-specific policy, program and service delivery improves outcomes for Indigenous people. The Council will work to ensure performance information is in place to monitor the outcomes and data gaps are addressed.</p> <p>The Council will monitor the energy needs of Indigenous Australians, including in remote and very remote locations, and consider the implications of energy and mineral resources policies on Indigenous Australians.</p> <p>In pursuing its priority actions for the next 18 months, as listed at Schedule B, the Council will consider the impact of regulation on individuals, community organisations and business and identify opportunities to reduce or remove this burden, wherever possible.</p>
Review and reporting	<p>The Council will be reviewed annually by COAG against its priorities, including whether there is a continuing need for the Council.</p> <p>The Council will report to COAG as required on its progress.</p> <p>The Council is able to refer matters to COAG for its consideration, noting that these will be matters genuinely requiring First Ministers’ attention (such as major decisions and intergovernmental agreements).</p> <p>The Council can also advise COAG on an exception basis, especially when its priorities are not progressing satisfactorily.</p>

COAG Energy Council

Responsibilities under Commonwealth and State legislation, National Agreements, National Partnerships and other governance arrangements

Responsibilities under the following legislative instruments:

- *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth)*;
- *National Electricity (South Australia) Act 1996 (SA)*;
- *National Gas (South Australia) Act 2008 (SA)*;
- *Australian Energy Market Commission Establishment Act 2004 (SA)*;
- *Competition and Consumer Act 2010 (Cth)*
- *National Energy Retail Law (South Australia) Act 2011 (SA)*;
- *Greenhouse and Energy Minimum Standards Act 2012 (Cth)*.

Responsibilities under the following National Agreements and National Partnerships, as amended from time to time:

- Australian Energy Market Agreement (as amended 2013);
- Intergovernmental Agreement on Energy Supply Industry Safety (2012);
- Intergovernmental Agreement in Relation to a National Liquid Fuel Emergency (2005);
- Memorandum of Understanding in relation to the National Gas Emergency Response Protocol (2005);
- National Partnership Agreement on Energy Efficiency and its associated National Strategy on Energy Efficiency (2009);
- Intergovernmental Agreement for the Greenhouse and Energy Minimum Standards (GEMS) Legislative Scheme (2012).

Responsibilities for the following statutory agencies and market bodies:

- National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA);
- Australian Energy Market Commission (AEMC);
- Australian Energy Regulator (AER);
- Australian Energy Market Operator (AEMO);
- Energy Consumers Australia (ECA).

COAG Energy Council Priority Actions

Specific actions to progress Council responsibilities in the next 18 months	<p>The Council's priority actions include:</p> <ol style="list-style-type: none"> 1. Develop an implementation plan in the second half of 2015 to progress agreed actions under six key themes – generation, networks, retail, energy productivity, natural gas and resources. 2. Address outcomes from the Commonwealth's abolition of the carbon tax and release of the Commonwealth's Energy White Paper. 3. Develop, implement and monitor policies to promote the timely and responsible development of new gas supplies and facilitate development of competitive, liquid and transparent wholesale gas markets that deliver efficient signals for investment in gas production and transportation. This will include the development of a gas supply strategy and requiring the Australian Energy Market Commission (AEMC) to review the design, function and roles of facilitated gas markets and gas transportation arrangements. 4. Undertake an assessment of the differences in how jurisdictions have applied the national energy frameworks and examine if there is a need to enhance frameworks in light of the ongoing change taking place in competitive energy markets, particularly for new technologies, products and services. 5. Undertake a review of the governance of the energy market bodies: the AEMC, the Australian Energy Regulator (AER) and Australian Energy Market Operator (AEMO), with a progress report to be considered by the Council at its mid-2015 meeting and a final report by December 2015. 6. Consider whether there are material barriers to orderly exit of generators from the market and direct AEMO with further investigations into appropriate pathways to ensure exit of generators does not jeopardise system security. 7. Report on the application of the national reliability principles by mid-2015. 8. Improve flexibility and responsiveness of the market, including through the introduction of an explicit wholesale market monitoring function for the AER by amending the National Electricity Law. 9. Submit a rule change package that reflects the Council's policy around transmission connections and planning frameworks by mid-2015. 10. Consider recommendations from the AEMC and AEMO on the design, testing and potential information of a framework for generators to purchase optional firm access rights to electricity transmission networks. The AEMC is due to provide recommendations to the Council by mid-2015. 11. Develop a new policy framework for energy productivity that coordinates nationally across both energy efficiency and energy market reform, seeking to improve market and regulatory efficiency. The framework will build on
--	--

COAG Energy Council Priority Actions

current energy efficiency initiatives and market reforms underway and consider if additional measures are needed.

12. Develop measures to ensure a smooth transition for the Northern Territory to adopt the national frameworks by end 2015.
13. Consider a series of future scenarios of changing electricity demand and supply options incorporating the challenges and risks facing Australian electricity networks over the next two decades.
14. Implement the agreed work program to make Australia the preferred destination for investment in energy and mineral resources exploration. The strategy will draw on ways of removing regulatory impediments apply leading practice and community engagement.
15. Investigate opportunities to further streamline regulatory arrangements for offshore petroleum activities in state and territory coastal waters.
16. Continue to develop and improve a standardised national approach for reporting on petroleum reserves/resources in, and production from unconventional oil and gas reservoirs. This includes new well drilling rates and a strategy to address key data gaps.
17. Investigate opportunities for improving the availability and accessibility of factual information related to the impacts of resources projects, including the development of an environmental data repository and framework for subsidence surveying. This work should build on and harmonise work being undertaken in each jurisdiction to deliver efficient and cost effective solutions.
18. Develop an international engagement strategy to encourage technology sharing and development of international supply chains, and monitor progress on emissions abatement technologies through the Coal Mining Abatement Technology Support Package.
19. Develop measures to improve indigenous and non-indigenous skills in the energy and resources sectors.

The Council will continue to implement the following existing work programs and update them as required from time to time:

1. Energy Market Reform Package (COAG agreed December 2012);
2. Demand Side Participation Work Plan (agreed May 2013);
3. Australian Gas Market Development Plan (agreed December 2012);
4. National Mineral Exploration Strategy and Mineral Exploration Investment Attraction Plan (agreed December 2012);
5. National Harmonised Regulatory Framework for Natural Gas from Coal Seams (agreed May 2013);
6. Multiple Land Use Framework (agreed December 2013);
7. Objectives of the *Greenhouse and Energy Minimum Standards Act 2012*.