

25 May 2018

Ms Anne Pearson  
Chief Executive  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Dear Ms Pearson

### **Reliability Panel Governance Arrangements rule change proposal – Consultation Paper – 26 April 2018 (ERC0233)**

Energy Networks Australia welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) on the Reliability Panel's, Reliability Panel governance arrangements rule change proposal, lodged on 22 December 2017.

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

Electricity transmission and distribution networks both have fundamental roles in ensuring power system reliability and security and we generally support the intention of the rule change proposal.

Energy Networks Australia's key points are that:

1. It is supportive of the proposed exemption for independence from system operators for Distribution Network Service Providers, as is currently the case for Transmission Network Service Providers (TNSPs). This seems beneficial and demonstrates some foresight, given the increasing need for distribution networks to better coordinate and collaborate with the system operator, and TNSPs.
2. It supports the suggested approaches to provide greater clarity, remove ambiguity, and remove redundant aspects of the National Electricity Rules in relation to aspects of the Reliability Panel's Governance arrangements, and
3. Some changes are required to a number of existing Reliability Panel consultation processes and procedures to avoid duplication and current inefficiencies. Examples include amending the Reliability Panel's obligation to publish the Australian Energy Market Operator's (AEMO) Demand Forecast Reports as per Clause 3.13.3(v)) and removing AEMO's publication of the Panel's notices of consultation when it is also published on the AEMC's web-site (page 9 of the Paper).

As requested, our specific responses to the Consultation Paper questions are provided in the AEMC's stylised template for consideration.

Should you have any additional queries, please feel free to contact Ms Verity Watson - Head of Transmission on 0404 098 597 or [vwatson@energynetworks.com.au](mailto:vwatson@energynetworks.com.au).

Yours sincerely,



**Andrew Dillon**  
Chief Executive Officer

## Attachment 1 Stakeholder feedback template

The template below has been developed to enable stakeholders to provide their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

Organisation: Energy Networks Australia

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Questions	Feedback
<b>Chapter 2 – Section 2.1 – Panel composition, appointments and removal of members</b>	
1. What are stakeholders' views on the issues raised by the Panel and the Panel's proposed solutions, in relation to Panel composition, appointments and removal of members?	The issues raised appear in line and within the scope of the rule change proposal lodged by the Reliability Panel. The solutions' intentions appear to clarify, remove or improve relevant sub-clauses of the National Electricity Rules pertinent to the Reliability Panel's governance arrangements.
2. Are stakeholders aware of other governance arrangements that may address the acting chair issue?	The proposal for an acting Chair being another AEMC Commissioner has merit. We cannot suggest a better option.
3. Do stakeholders agree that the proposed exemption for independence from system operators for distribution network service providers, as is currently the case for transmission network service providers, is beneficial given the increasing need for distribution networks to coordinate with the system operator?	Yes, this seems a sensible approach to adopt in taking account of the changing role of distribution network businesses and their relationships and interfaces with AEMO as system operator and transmission network service providers.

Questions		Feedback
4.	Do you agree that requiring the AEMC to have regard to the preference expressed by the majority of the Registered Participants in appointing a Panel member will strengthen the governance arrangements of the Panel?	Yes. However, the potential discretion and flexibility discussed in the Consultation Paper needs to be limited to certain factors that mitigate against potential challenges by any non-successful candidate(s) in a relevant class of <i>Registered Participants</i> .
5.	Are there any other issues relevant to the Panel's composition, appointments and removal of members that the AEMC should consider?	Not necessarily, stability is important.
<b>Chapter 2 – Section 2.2 – Consultation procedures</b>		
6.	How suitable are the proposed changes to the consultation procedures when considering:	
	- the Panel's current role?	These appear to be reasonable and proportionate.
	- future roles that could potentially be assigned to the Panel?	Any new or amended consultation procedural arrangements should be suitable for any new roles assigned to the Reliability Panel within its remit under the National Electricity Law. The proposed two full round consultation should suffice.
7.	Do stakeholders agree that because the Annual Market Performance Review is of a factual nature, the consultation procedures for this review need to be amended to reflect this?	Yes. Traditionally, there has been little stakeholder engagement on this document and consultation for consultation sake is not always optimal or efficient.
8.	Consultation processes have deviated from those in the consultation procedures for some past Panel reviews and decisions. What are stakeholders' views on the value of the Panel having taken this approach?	No comment.

Questions		Feedback
9.	Do stakeholders have other comments related to the Panel's consultation procedures within the scope described above?	No.
<b>Chapter 2 – Section 2.3 – Timing and publication of specific reports and reviews</b>		
10.	Do stakeholders agree with the arguments and proposed solutions provided by the Panel?	Yes, they are reasonable and justified.
11.	What frequency and timing do stakeholders consider to be appropriate for the publication of information on the accuracy of demand forecasts?	We note that AEMO has a rules obligation under Rules clause 3.13.3(u) to report annually on demand forecasts, by 1 November each year. At a minimum, we suggest half-yearly reports for medium to long term forecasting, and within four months of completion of the forecast period. We also welcome AEMO's proposed introduction of its forecasting dashboard with regular monthly and quarterly updates. We also propose that AEMO reports back to the market on an <i>required</i> basis should a significant forecasting error occur.
<b>Chapter 3 – Assessment framework</b>		
12.	Is the assessment framework set out above appropriate for considering the proposed rule?	Yes, the high-level criteria of: <ul style="list-style-type: none"> <li>the effective discharge of unambiguous roles and responsibilities,</li> <li>transparency, and</li> <li>appropriate and timely consultation processes</li> </ul> appear appropriate, alongside the National Electricity Objective.
13.	Are there other relevant considerations that should be included in the assessment framework?	No

Questions		Feedback
Other comments on the rule change request or consultation paper		
14.	Do you have any other comments on the rule change request or the consultation paper?	No