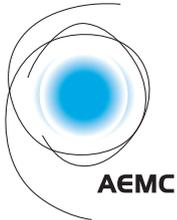


2019 —

# 2020

ANNUAL REPORT





Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

30 September 2020

**The Hon Dan van Holst Pellekaan MP**

Minister for Energy and Mining  
GPO Box 974  
Adelaide SA 5001

Dear Minister

I am pleased to present the Australian Energy Market Commission's 2019-2020 annual report.  
This report is prepared in accordance with Section 27 of the *Australian Energy Market Commission Establishment Act 2004 (SA)*.

A handwritten signature in black ink that reads "Merryn York". The signature is written in a cursive, flowing style.

**Merryn York**  
ACTING CHAIR

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A strategic overview of our work in the year under review focussing on the AEMC's five priority work areas

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Index providing summaries of all work undertaken this year

## 86

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Provides audited financial statements for the AEMC

## 122

### Statutory reports

Under section 27 of the *Australian Energy Market Commission Establishment Regulations 2005* we must include specific reports which are provided here together with a compliance index

Compliance **146**

Our vision for the Australian energy market is long term. AEMC priorities ensure the continuity of this vision while we work on ways to keep the system secure as new technologies are integrated into it. Above all we are transforming the market in ways that keep consumer costs as low as possible and maintaining the flexibility to navigate the ever-changing environment in which we operate.

# 48

Rule requests  
completed

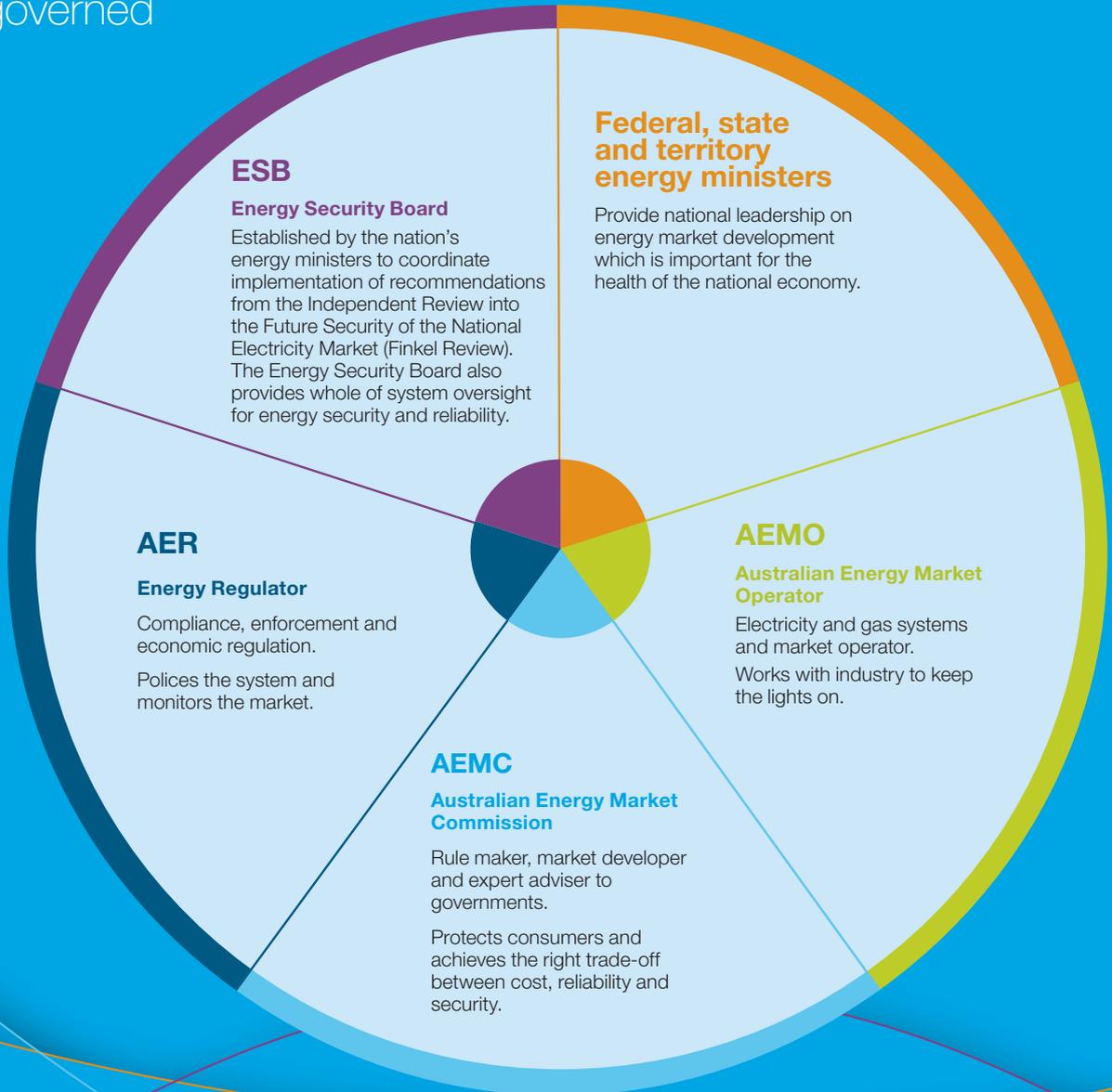
# 22

Reviews and  
advice completed

# 19

Projects underway  
at 30 June 2020

# How energy markets are governed



## How we work

### AEMC

The AEMC undertakes reviews and provides federal, state and territory energy ministers with advice on improvements to the design of regulatory and energy market arrangements that will benefit consumers in accordance with the national energy objectives.

We also make and amend rules under the National Electricity Law (NEL), the National Gas Law (NGL) and the National Energy Retail Law (NERL).



National Electricity Law (NEL)



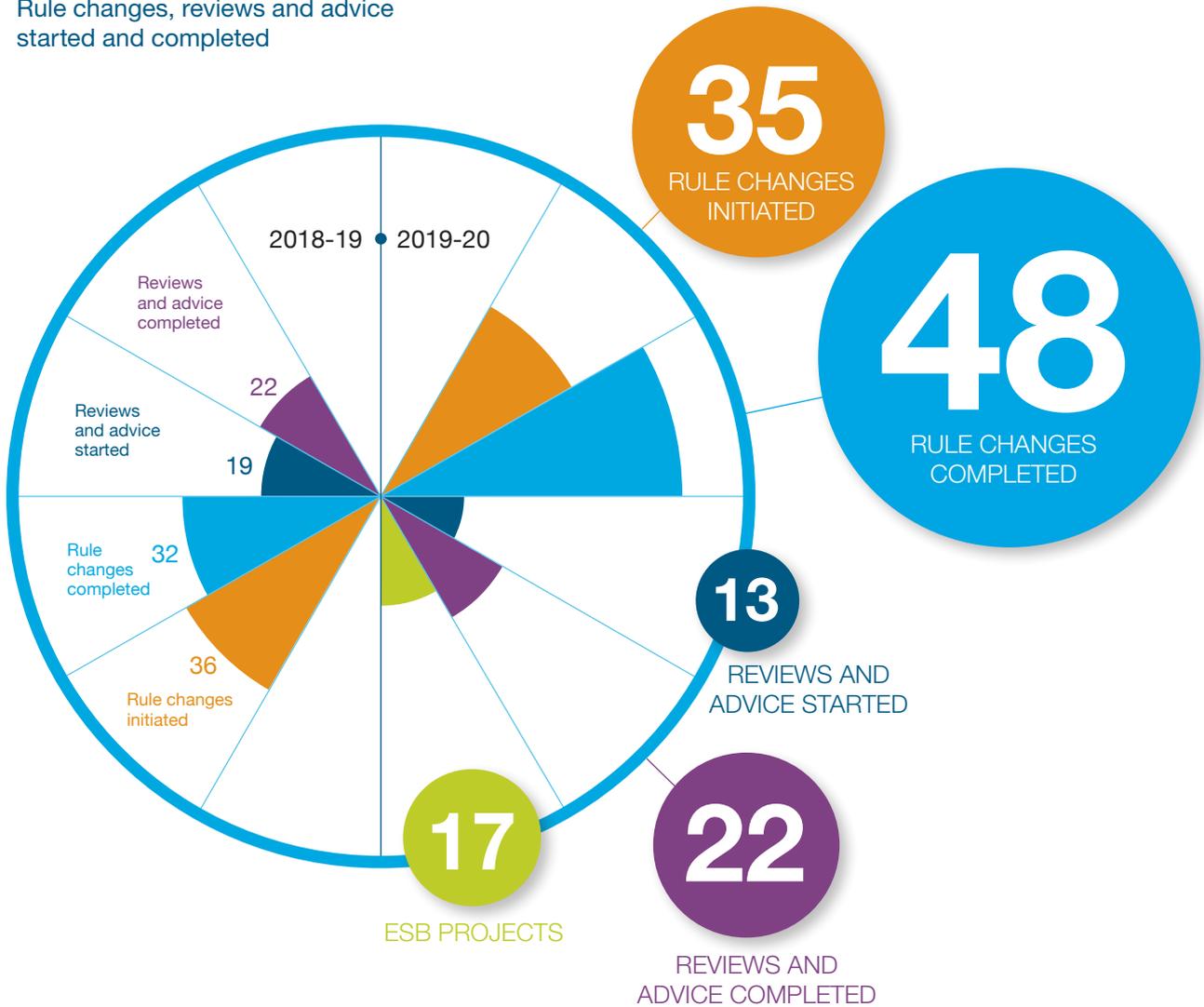
National Gas Law (NGL)



National Electricity Retail Law (NERL)

# Performance summary

Rule changes, reviews and advice started and completed



**97**  
Employees

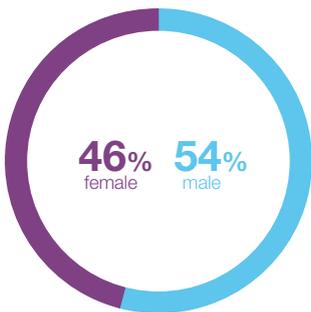
**89**  
AEMC rule changes and reviews

**+**  
**17**  
Energy Security Board projects

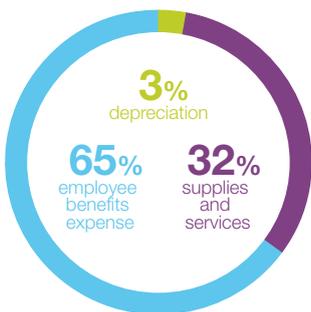
Annual expenditure within budget (target +/- 5%)



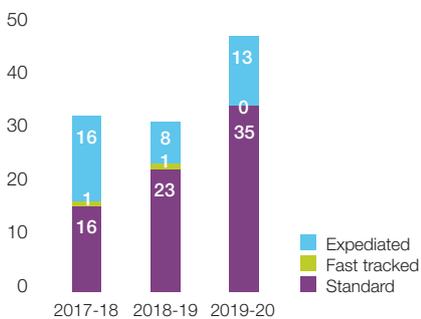
Staff by gender



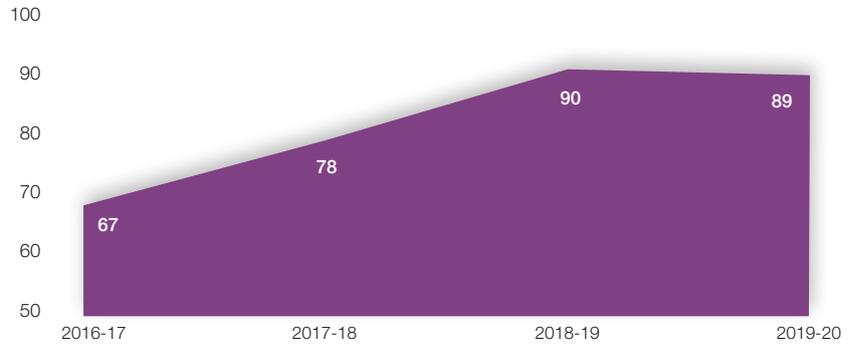
Actual expenses



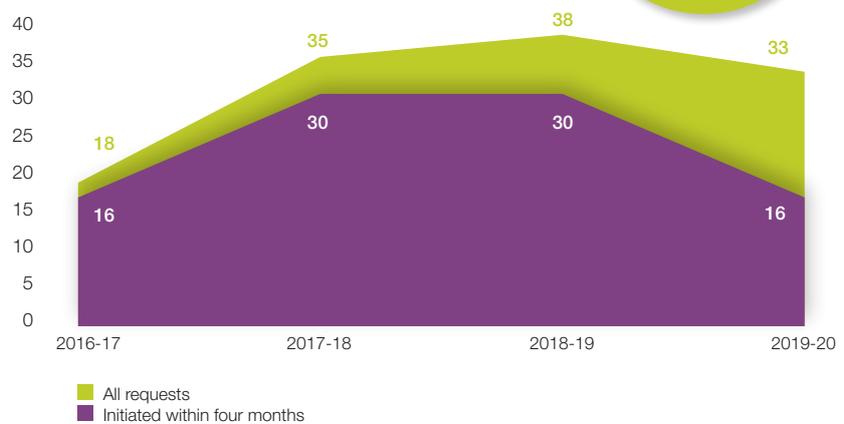
Working faster – categories for completed electricity, gas and retail rule changes



Projects completed and underway



Sustained high rate of rule change requests received



**1250**

Leadership group formal stakeholder meetings

**875**

Submissions

**41**

Forums and workshops

**7.4**  
OUT OF 10

For stakeholder consultation

---

# Chair & Chief Executive message



**MERRYN YORK**  
ACTING CHAIR



**BEN BARR**  
CHIEF EXECUTIVE

**This year the AEMC farewelled its long-standing Chairman, John Pierce and welcomed a new Chief Executive Benn Barr. We recognise the key reforms made to market and regulatory arrangements under John's leadership over the last decade that set the foundations for better consumer outcomes.**

**Over the past year** we have continued to develop energy market reforms to cater for the changes to the way energy will be generated and delivered to consumers. We have also responded to the impacts from the COVID-19 pandemic. Like our market body colleagues, the AEMC moved rapidly to reprioritise our work to ease the regulatory burden on the energy industry amid a coronavirus-related cash crunch.

The number of rule change requests we receive is again high as industry participants continue to take advantage of their ability to shape the regulatory and market arrangements.

Like many countries, Australia is undergoing a transformation in the way energy is generated and delivered. Household and business uptake of rooftop solar PV has proved rapid and battery storage is increasingly being adopted. South Australia is now a world-leading adopter of renewable

generation. The system is moving away from being dominated by central, large power plants as technology drives widespread decentralisation. Emerging technologies are empowering consumers to self-manage their energy in a way that they never could before.

One of the most pressing challenges that comes with this change in the energy system is addressing the physical needs of the power system – commonly referred to as power system security.

The new technologies have very different physical characteristics. The thermal generators being retired and reaching their end of life had inherent features that automatically stabilised voltage and frequency as a by-product of generating electricity. Unlike in Europe, we cannot connect to the power systems of other countries to draw on their dispatchable resources when the wind isn't blowing and the sun isn't shining.

The AEMC has already introduced a number of reforms aimed at making the system more resilient, and continues to do so. We have worked closely with the Australian Energy Market Operator to understand the physical needs to secure the system and are focussed on developing and evolving the regulatory and market arrangements to incentivise greater provision of services such as system strength and voltage control including investment.

These changes to the energy system also create opportunities to develop new knowledge and expertise to integrate high levels of renewables to achieve a secure and reliable power system. Innovation and technology development will play a significant role in future energy systems, throughout the world.

“The number of rule change requests we receive is again high as industry participants continue to take advantage of their ability to shape the regulatory and market arrangements.”

**Merryn York**  
Acting chair

This year we announced rule changes that will make it easier for large users such as manufacturers and data centres to bid their demand response into the market on a daily basis. This rule change, one of our most significant reforms, was brought about by a request from stakeholders: the Public Interest Advocacy Centre, the Total Environment Centre and the Australia Institute.

Longer term, the AEMC’s vision is for a truly two-sided market, which may be suited to small customer involvement. Developments in digitalisation will provide households and businesses automation and other digital technologies to better manage demand with all their appliances. New technologies such as electric vehicles, battery storage and the development of microgrids will add another dimension to this consumer-centric market. With a two-sided market, both the demand and supply sides of the energy market are actively engaged in real time, reducing the overall costs of the system. The AEMC is contributing to the Energy Security Board’s post 2025 market design project to give consumers greater control over their electricity.

Today more than ever, gas is critical to the nation’s energy and economic future for electricity generation as well as gas supply for manufacturing and domestic consumption.

We focussed for a number of years on extensive reforms that have made it easier to buy and sell gas in the wholesale markets and to move that gas from the source to consumers, so it can make the greatest

contribution to Australia’s economic output. These reforms have allowed investors to better manage risk and reduced their costs, which has flowed through to customers.

We released our 10th report on residential electricity price trends this year. Consumers in the national electricity market are enjoying falling prices as rooftop solar PV and other generation supplies rise and regulated network prices are lowered. Spot prices are also falling as overall demand has moderated due to the impact of the COVID-19 pandemic and gas prices have fallen.

In other positive developments, our annual review of retail energy competition found there has been continuing improvement in consumer satisfaction and new retailers continue to enter the market. However, where value-for-money is concerned, households and businesses still rate electricity and gas behind other utilities such as water and telecommunications.

There are a range of areas we will continue to monitor including the impact of COVID-19, reductions in consumers switching retailers and the re-regulation of retail electricity prices in Victoria, NSW, South Australia and south-east Queensland.

**70%**

Rule change requests initiated within four months

**78%**

Market reviews completed within original terms of reference timelines

## Chair & Chief Executive message

The AEMC's work on transmission access reform responds to the significant change in the generation mix and location which will occur over the next 20 years. In conjunction with transmission development through the Integrated System Plan, modelling shows it will deliver lower cost outcomes for consumers, and increased transparency for new generation investment.

The AEMC's achievements are a result of the committed staff at the AEMC. This year, we completed 48 rule changes and 22 reviews involving 875 submissions to projects throughout the year. Engaging with all of the AEMC's stakeholders, and hearing their real world issues and input, is fundamental to our work.

I extend thanks to the AEMC management team and staff for their continuing commitment to the important work of delivering outcomes in the interests of consumers, particularly at this time of large levels of change to support the transition that is occurring in the energy system coupled with significant impacts on everyone from COVID-19. I would also like to thank our former Chair John Pierce, former Chief Executive Anne Pearson and fellow Commissioners Allison Warburton, Charles Popple and Michelle Shepherd.



**Merryn York**  
ACTING CHAIR

“The turbulence in the world means it's never been more important to listen and work to understand the pressures industry, governments and consumers are under.”

**Benn Barr**  
Chief Executive

When I started at the AEMC this year, I would have loved to have walked the floor to see team members and meet personally with our stakeholders. Instead, I had the strange experience of doing a virtual roadshow from my laptop screen.

While I was unable to see everyone in person, I was still immediately struck by how everyone had turned their focus to guiding the energy sector through the disruption wrought by the COVID-19 pandemic. We rapidly moved our regular stakeholder engagement online. This has given us greater reach, increased stakeholder input and more diversity of views as the online model has proved so accessible. The nature of this forum has also allowed better access to senior management, both from the AEMC and external stakeholders. Key to making this a success was the tireless work of our support staff from human resources to IT and engagement, working behind the scenes to make sure everything was seamless for staff and our stakeholders. I want to recognise their work in this year's annual report.

We also reprioritised our work program to maintain momentum on key reforms. Work began quickly on the Australian Energy Regulator's proposal to allow retailers to defer the payment of network charges so they could better support vulnerable customers.

59

Meetings held between Commissioners and AEMO and AER leadership

83%

Stakeholders who rated AEMC engagement as 7 or higher out of 10

Given the impact of the pandemic on the economy and energy industry, we also expedited the consideration of Australian Energy Market Operator's request to give industry more time to get ready for the move to five-minute settlement in the national electricity market (NEM).

At the same time, disruption is nothing new to this sector. Australia's energy markets are at the cutting edge of the technology revolution. Nationwide, the power industry is undergoing an incredible transformation. It is becoming cleaner and greener. Innovations from solar rooftop PV through to electric vehicles, and digitalisation of devices like pool pumps and air conditioners, are allowing consumers to have more control over how they buy, sell and use energy. The economics of the sector is materially changing.

Unprecedented in scope, these trends have continued to significantly increase our workload. We are doing more reviews and rule change requests to put us on the cheapest path to a lower-emissions power system. At 30 June 2020 we had completed 48 rule change requests and 22 review and advice projects. There were another 19 open projects continuing into the new financial year. We continue to collaborate with our market body colleagues on projects including the Energy Security Board's post 2025 market design project so that energy markets deliver the choice, quality and price that consumers want.

The pace of change in the sector means that we too at the AEMC need to change. Looking ahead, my focus is on ensuring we are as nimble and adaptable as we can be. We are committed to getting the right resources to the right projects to deliver reform. We are innovating in policy

design and making use of technology to achieve this. By way of example, this year we invested in software that allows us to perform detailed electricity market modelling that will allow us to assess the consequences of innovative market reforms, and better understand how those reforms might change outcomes in the future.

Our response to the impact of COVID-19 demonstrates our ability to pivot and still deliver in the long term interests of consumers. Our values of leadership, engagement and integrity are the foundations that enable us to focus on long term reform outcomes but the turbulence in the world means it's never been more important to listen and work to understand the

pressures industry, governments and consumers are under. We don't control the external changes happening in our environment, but we do control how we adapt to make sure we continue to live up to our values.

**Benn Barr**  
CHIEF EXECUTIVE



**John Pierce AO**  
**Chairman 2 June 2010**  
**to 3 July 2020**

Commissioner John Pierce was appointed as the Chairman of the AEMC on 2 June 2010 and re-appointed on 2 June 2015. He stepped down from his role on 3 July 2020.

On his departure from the organisation John said the AEMC had a reputation for "high integrity, high value work" that had only grown stronger.

"After 10 years as Chairman I am proud to see the AEMC consolidating its role as rule-maker and government

adviser on how best to take advantage of new technology and deliver the outcomes consumers expect consistent with the policy objectives of the NEM jurisdictions," he said.

He added that consumers were "in good hands because of the expertise and deep thinking" that AEMC staff bring to bear.

"One of the great joys of working at the AEMC is the privilege of engaging with all our stakeholders and sharing in the passion they have for the energy sector. Their ideas, creativity and generosity in contributing to the work of the Commission is not only vital for our work, but a source of inspiration."

Chief Executive Benn Barr said that under John's leadership, the AEMC had "a truly robust approach to policymaking in the long-term interests of consumers. His relentless energy and analytical curiosity has been a force to be reckoned with."

# Strategic overview

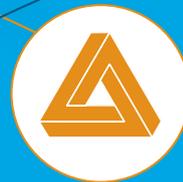
# 33

New rule requests



#### Generator access and transmission pricing

The shift from large geographically concentrated to small geographically dispersed generation.



#### System security

Power system services that were previously provided for free as a by-product of power generation are now not necessarily provided by new generation.

The AEMC has continued to prioritise five key areas of reform that were announced in 2019. These are issues that will ultimately have big impacts on consumers and are just as important today – if not more so – than they were last year.

The COVID-19 pandemic has necessitated a rethink of the regulatory reform agenda by the market bodies. We have designed a plan to adjust for the increased pressure the pandemic has put on industry and consumers, while protecting the most important energy market reforms that are already underway to deliver a cheaper, lower emissions power sector for all consumers.

The progress we have already made on prioritising work in these five key areas of reform has helped to ease the regulatory pressure on industry during the pandemic while making sure critical market reforms continue.

In addition to this, there continues to be an increasing level of renewable energy in the national electricity market – we know renewable energy is important to the future of Australia so that we can lower emissions and address climate change. The task remains to support a smooth transition at the least cost to consumers. And our five priority areas of reform continue to guide this transition.

We are required by law to consider, as soon as practicable, all the rule change requests we receive. Given the speed of the energy transition underway, last year we provided guidance around the types of rule changes we consider important to prioritise within our overall work program – in the form of five key priority areas of reform.

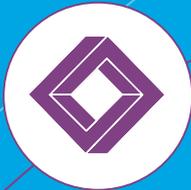
To the extent possible, we have been prioritising rule change requests and other work to deliver the changes in these areas so customers can access safe, secure and reliable energy at the lowest possible cost. There are costs involved in transitioning a complex and interlinked system from one set of technologies to another. The AEMC is focussed on minimising these costs to consumers. Often this goes hand in hand with minimising the risks faced by consumers, so they

don't end up paying for infrastructure that is not needed, or that is not useful in a future power system.

Our **five key priority areas of reform** are critical to achieving the Strategic Energy Plan set by Australia's federal, state and territory energy ministers. We are making new rules to help consumers benefit from the structural reform that's already underway. We are collaborating with stakeholders, jurisdictions, AEMO, the AER and the ESB to take our energy market where consumers want to be in the future.

#### Integrating distributed energy resources

Consumers are increasingly adopting small-scale solar and energy storage technologies.

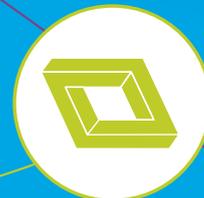


# 6

## Reviews and advice underway

#### Digitalisation of energy supply

The power system and market are increasingly underpinned by digital technologies that make it easier to choose and control how, when and where power is delivered and used.



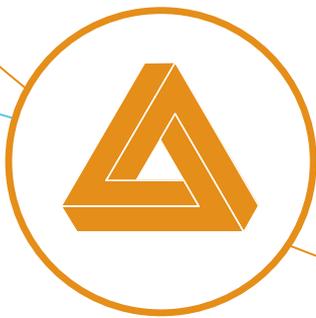
# 13

## Rule changes underway



#### Aligning financial incentives with physical needs

More variable demand from customers and more variable supply from generators makes forecasting a challenge and adds risk to operational and investment decisions.



**PRIORITY**  
**SYSTEM SECURITY**

Power system services that were previously provided for free as a by-product of power generation are now not necessarily provided by new generation.

**Power system security relates to the technical parameters of the power system such as voltage and frequency; the rate at which these parameters might change; and the ability of the system to withstand these changes.**

The rapid energy transition requires us to find new ways of procuring enough of the technical system security services that are “missing” because they are no longer necessarily a by-product of newer forms of generation.

Significant investment in new generation sources has been positive in that it has significantly reduced greenhouse gas emissions from the electricity sector. But nonsynchronous generators like wind and solar have no or low inertia. Systems with lots of nonsynchronous generation are weaker and harder to control. They have less time to recover from sudden equipment failures before frequency collapses.

A secure system is one which operates within a defined band of technical parameters constantly – or at least the vast majority of the time.

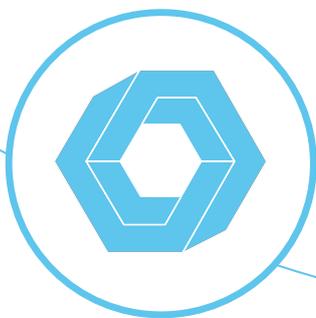
There always needs to be sufficient levels of inertia and system strength to maintain frequency and voltage across the system. If these parameters are not within the appropriate bounds in real time, the system may become unstable and the risk of widespread blackouts increases.

The current frameworks that were put in place in 2017 to address immediate system strength issues have been successful at keeping the system secure. However, given the pace of the energy transition that is occurring, these frameworks need to adapt and evolve in a flexible way.

Together with AEMO, the AER and the Energy Security Board we are thinking through how to deliver the system strength needed for power system security, as well as what is required to support continued investment in new generation so that consumer demand for energy continues to be met in a way that is in the long-term interests of consumers.

Key AEMC projects considering changes required in this priority area of reform include:

- Investigation into intervention mechanisms and rule changes recommended in the final report
- System services rule changes package
- Investigation into system strength
- Mandatory primary frequency control
- System restart services, standard and testing
- Coordination of generation and transmission investment – access and charging review
- Review of the system black event in South Australia on 28 September 2016 and rule changes recommended in the final report



## PRIORITY GENERATOR ACCESS AND TRANSMISSION PRICING

The shift from large geographically concentrated to small geographically dispersed generation.

# 150

SUBMISSIONS RECEIVED FROM STAKEHOLDERS TO THE COGATI REVIEW

# 13

COGATI PUBLIC FORUMS AND WORKSHOPS

**Our power system will replace most of its current generation stock by 2040 and will be characterised by many relatively small and geographically dispersed renewable generators, connecting to windy or sunny parts of the network which have historically not required large amounts of transmission capacity.**

This requires us to rethink how we plan and develop the market, so we get investment in the right kit, in the right place, at the right time to deliver reliable supply to customers.

Decisions on where to locate and how to operate generation are not in lockstep with spare transmission capacity in the system or decisions on where and how much additional transmission capacity should be built.

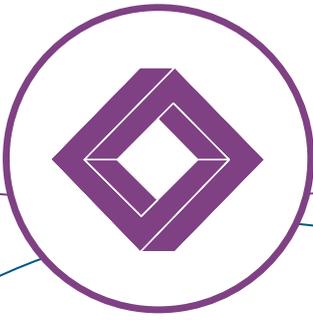
And this is slowing the pace of integrating renewables and other new technologies into the grid and putting a handbrake on the energy sector's ability to reduce carbon emissions. Additionally, current

Key AEMC projects considering changes required in this priority area of reform include:

- Coordination of generation and transmission investment – access and charging review
- Connection to dedicated connection assets

transmission access arrangements do not incentivise generators and storage facilities to locate and operate in a way most likely to minimise costs for consumers.

The AEMC is working closely with AEMO, the AER and the Energy Security Board to develop a framework through the post 2025 market design project that will support our power system through the energy transition.



**PRIORITY  
INTEGRATING DISTRIBUTED ENERGY RESOURCES**

Consumers are increasingly adopting small-scale solar and energy storage technologies.

**Consumers are increasingly adopting small-scale solar and energy storage technologies. This requires us to re-think how network infrastructure is used so customers and the grid can get the most out of these technologies.**

Distributed energy resources are now the largest source of generation in the national electricity market and will play an increasingly important role in meeting Australia's energy needs into the future.

These changes in technology mean that we are seeing dynamic shifts on both the supply side and the demand side. The future has the ability to bring a market where consumers can buy and sell energy and demand response services in a more dynamic way – in response to prices and their own preferences.

These changes have the capability to benefit everyone on the grid, not just those with rooftop solar PV and other distributed energy resources.

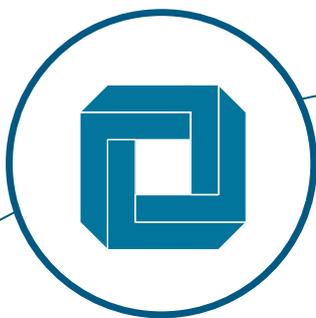
By making the most of the distributed energy resources we have, the grid can operate more efficiently, lowering power prices for all consumers.

At times of high demand, the cost of supplying an extra unit of electricity is likely to be significant if it is being provided by investing in additional generation and network infrastructure when it is only used for a few hours each year to service peak demand. Therefore, the ability for customers to choose to manage demand in a manner that is suitable to them is an effective tool in the energy market's toolkit.

We are working closely with AEMO, the AER, the ESB, and other bodies such as ARENA to achieve an across the board distributed energy integration program that will mean all consumers will benefit from the increasing numbers of distributed energy resources in the NEM.

Key projects considering changes required in this priority area of reform include:

- Electricity network economic regulatory framework review
- Updating the regulatory frameworks for distributor-led stand-alone power systems
- Technical standards for distributed energy resources
- Regulatory sandboxes
- DER access and pricing rule changes



## PRIORITY DIGITALISATION OF ENERGY SUPPLY

The power system and market are increasingly underpinned by digital technologies that make it easier to choose and control how, when and where power is delivered and used.

# 19%

THE RATE AT WHICH CUSTOMERS SWITCH ENERGY RETAILERS FELL TO A THREE YEAR LOW

# 10+3

RECOMMENDATIONS AND ACTIONS FROM THE 2020 RETAIL ENERGY COMPETITION REVIEW

**The power system and market are increasingly underpinned by digital technologies that make it easier to choose and control how, when and where power is delivered and used. We are increasingly focussing on embracing market frameworks so customers can reap the benefits of these technologies.**

We are seeing an increasing number of innovative energy products that allow consumers to self-manage their energy in ways that have previously not been accessible.

Smart technologies and new frameworks mean large energy users are able to take advantage of demand response – allowing our power system to avoid building additional generation or transmission capacity that would be needed to service peaks that only occur for a few hours a year.

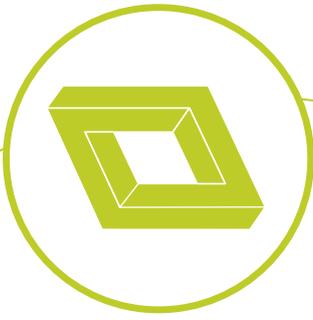
For those involved in operating the power system, this granular data provided by increasing levels of digitalisation will underpin more

Key projects considering changes required in this priority area of reform include:

- Retail energy competition review
- Wholesale demand response mechanism
- Two-sided markets

efficient operational and investment decisions. Policy makers will also be able to use digital technologies to inform their policy decisions.

The AEMC is leading work with the Energy Security Board in setting up a two-sided market. This will allow for the more efficient integration of demand response and distributed energy resources like rooftop solar PV, batteries and electric vehicles.



**PRIORITY**  
**ALIGNING FINANCIAL INCENTIVES WITH PHYSICAL NEEDS**

More variable demand from customers and more variable supply from generators makes forecasting a challenge and adds risk to operational and investment decisions.

**More variable demand from customers and more variable supply from generators makes forecasting a challenge and adds risk to operational and investment decisions. We are focussed on maintaining the link between the physical needs of the system and the financial incentives facing market participants.**

Given the pattern of investment and the impact it will have on operating the power system, the access regime needs to change. It is crucial that generators and storage are provided the correct locational signals for their investment decisions, and the tools to manage the risk of transmission congestion and losses.

Currently decisions by generators on where to locate, and how to operate generation, are not in lockstep with decisions on where and how much transmission investment there should be. This is slowing the pace of integrating renewables into the power system and putting a handbrake on our ability as a country to reduce carbon emissions.

Along with AEMO, the AER and the Energy Security Board, we are working to make sure we pull two important levers at the same time – making sure we invest in transmission outlined in the ISP and making sure we deliver access reform to incentivise generators to locate more efficiently. We are also working collaboratively to bring about plans that will let large customers routinely trade their energy use in the NEM – so they can reduce their electricity consumption in the short-term in response to wholesale market price signals.

Key projects considering changes required in this priority area of reform include:

- Coordination of generation and transmission investment – access and charging review
- Wholesale demand response mechanism

# Our organisation

The AEMC's key task is to design legal frameworks that support the delivery of safe, secure, reliable energy at least cost for consumers

**1250**

Stakeholder meetings

**875**

Submissions

**41**

Forums and workshops

# About the AEMC

**The Australian Energy Market Commission provides expert energy policy advice to Australian governments. We were established under the Australian Energy Market Commission Establishment Act 2004 (SA) in 2005 and answer to federal, state and territory energy ministers.**

We make rules and conduct reviews under the National Electricity Law (NEL), the National Gas Law (NGL) and the National Energy Retail Law (NERL).

From 1 July 2016 the AEMC became the rule maker in the Northern Territory for parts of the National Electricity Rules. This follows the adoption of the National Electricity Law as a law of the Northern Territory in 2015.

We are an independent, statutory body which delivers high quality and impartial advice to policy makers and makes changes to the energy market rules in response to requests from governments, industry, consumer groups and individuals.

Our decision-making on rules and advice on improvements to the design of regulatory and energy market arrangements is driven by the national energy objectives. We seek to promote efficient investment in energy services as well as their efficient operation and use. We do this with respect to price,

quality, safety, reliability and security of supply in the long-term interests of energy consumers. Many of our reviews arise from terms of reference provided by the nation's energy ministers, but we can also initiate our own reviews on matters related to the rules.

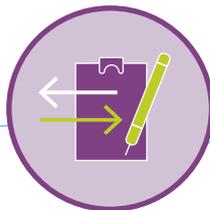
Our advice to governments informs their decisions and supports implementation of their energy policies. The AEMC's key task is to design legal frameworks that support the delivery of safe, secure, reliable energy at least cost for consumers. We are deeply consultative and are informed by evidence to support decision making. We make changes to the rules and review specific outcomes like energy retail competition and price, or particular sections of the regulatory framework, like gas pipeline regulation and transmission access. We do this for an industry that is underpinned by physics and the engineering of the power system and we are guided by the national energy objectives, built on economic principles.

Governments are encouraged to use the AEMC as an expert resource, as well as submitting rule change requests where they believe the long-term interests of consumers can be better served through different regulatory arrangements.



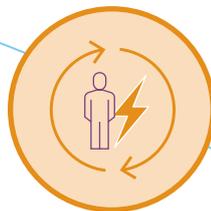
## **The AEMC is an expert adviser to governments**

We do this by undertaking reviews and providing advice on broad aspects of the energy markets. Our advice focusses on how to develop flexible and resilient markets that benefit consumers over time.



## **We also make and amend the rules that underpin the system and market**

Our rules have the force of law. The Commission's role to update the rules allows the energy sector to evolve as the world changes, without the need to coordinate these changes through nine different parliaments.



## **Consumers' interests are at the heart of everything we do**

Our work sets the foundations for an energy market that drives industry to deliver safe, secure and reliable energy supply to consumers in a sustainable manner, over the long-term. We design regulatory frameworks to support consumers where markets cannot or are not delivering the outcomes consumers expect.

# Overview of Australia's energy system

**The national electricity market (NEM) is a set of physical and financial arrangements that underpins the production, buying, sale, purchase, transportation and consumption of electricity on the east coast of Australia.**

Western Australia and the Northern Territory are not physically connected to the NEM and have their own electricity systems, although the Northern Territory has adopted parts of the national electricity market's rules framework. Some standalone electricity systems exist in all states to service remote areas.

For the power system to work, electricity must be consumed at exactly the same time it is produced (unless it is stored as chemical, thermal or kinetic energy). To balance supply and demand instantaneously, a variety of large and small generators produce electricity which is transported along high and low voltage networks to be consumed by households and businesses.

## **Our scope – electricity and gas pipelines**

The national electricity market (NEM) covers South Australia, Tasmania, Victoria, New South Wales, the Australian Capital Territory and Queensland.



The flow of electricity through the physical energy system is controlled by a number of competitive wholesale markets including the spot market, contract market and ancillary services market, and regulated monopoly networks.

Energy retail markets provide the interface between retailers and their customers. Retail markets provide the frameworks to support retail competition, including allowing consumers to choose between competing retailers.

A retailer buys the electricity that their customers consume from the wholesale market, packages up the fees and costs of supplying this electricity into an energy deal and bills the customer for the services involved. Consumers have the ability to choose their retailer for electricity in all six NEM jurisdictions and for gas in all Australian states and territories.

As technology advances, competition increases and retailers differentiate their offerings, consumers have greater opportunities for participation in retail markets. Advanced metering technology will provide richer consumption information and more service possibilities. Distributed energy

resources allow people to generate their own electricity and sell energy they do not use themselves back into the market.

The east coast gas market is an interconnected system that links all of Australia's states and territories except for Western Australia. Western Australia has a gas market that is operated in a similar way to the east coast market, but is physically separate. A key difference between gas and electricity is that gas can be stored more easily than electricity. Gas producers extract gas (from conventional sources such as sandstone, or unconventional sources such as coal seams) and sell this wholesale gas to large gas users such as manufacturers and electricity generators. They also sell to gas retailers who in turn sell it on to household and business consumers. Pipeline businesses transport the gas from where it is produced, to where it is consumed.

Governments, the market bodies and independent jurisdictional regulators each have specific roles and responsibilities within the regulatory arrangements that support the electricity and gas systems and markets.



The gas market in Australia is made up of three distinct regions, the Eastern gas region, the Western gas region and the Northern gas region.

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# Guiding principles

## The AEMC makes and amends electricity rules that:

- govern the operation of the NEM – the competitive wholesale electricity market and associated electricity system
- govern the economic regulation of transmission and distribution networks
- facilitate the provision of services to retail customers.

We also make rules that cover wholesale gas markets, economic regulation of natural gas pipelines and rules which relate to information disclosure and arbitration for non-covered pipelines.

The gas rules apply to three types of wholesale gas markets:

- gas supply hubs (located in Wallumbilla, Queensland and Moomba, South Australia)
- short term trading market hubs (at Brisbane, Sydney and Adelaide)
- the declared wholesale gas market in Victoria.

Western Australia has adopted a modified version of the National Gas Law. Some AEMC amendments to the National Gas Rules apply in Western Australia in relation to certain covered pipelines.

Under the National Energy Retail Law, the AEMC makes and amends retail energy rules. In this capacity we set rights for energy consumers and obligations for energy retailers and distributors.

The AEMC also conducts independent reviews and provides advice to governments on all these sectors.

## National energy objectives

We must have regard to the National Electricity Objective (NEO), the National Gas Objective (NGO), and the National Energy Retail Objective (NERO) – together, the national energy objectives – when making rules and conducting reviews under the NEL, NGL and NERL.

These three objectives focus all activities of the AEMC on what really matters: the long-term interests of consumers. The objectives were designed to accommodate change in the energy sector by focussing on customer outcomes.

The AEMC may only make a rule, or a recommendation, if it is satisfied that it will or is likely to contribute to the achievement of the relevant objective.

## The National Electricity Objective (NEO)

“The objective of this Law is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to: a) price, quality, safety, reliability and security of supply of electricity; and b) the reliability, safety and security of the national electricity system.”

## The National Energy Retail Objective (NERO)

“The objective of this Law is to promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.”

## The National Gas Objective (NGO)

“The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long-term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

# Our mission, vision and values

## Mission

**To improve consumer outcomes from the strategic development of energy markets, through rules and advice.**

Our mission sets out, at a high level, how it is we will achieve our vision as statutory rule maker and market developer.

## Vision

**Flexible and resilient markets that benefit consumers.**

Our vision sets out the outcome we as an organisation want to achieve. We see an efficient energy market that meets consumer needs and is adaptable to allow for the realisation of technological and economic opportunities while maintaining a secure and reliable system. This market is supplemented by other government policy objectives to protect consumers and reduce emissions.

## Values

**The shared values of the AEMC are leadership, engagement and integrity. These values underpin how we achieve our vision and mission.**

Leadership reflects our desire to foster and support informed debate on energy market development. We engage with governments, consumers and market participants to promote dialogue and understanding. We value different perspectives and welcome meaningful debate on energy market issues. We share our knowledge to help empower those who look to us for advice.

Engagement is at the core of everything we do. We aim to build and maintain strong relationships with stakeholders and we value their input to our rule making and strategic advice to governments. We focus on pursuing opportunities for consultation and expanding the range of organisations, groups and individuals with whom we collaborate.

Integrity speaks to the respect we have for our stakeholders, our high standards of impartiality, independence and the transparent processes that frame the work we undertake. An ethical, reliable and consistent approach is paramount in all our dealings with governments, industry and consumers and stakeholders' confidence in our established processes contributes to investment certainty.

Engagement is at the core of everything we do.

# What we do

## Work program 2019-2020

89

PROJECTS

22

REVIEWS  
AND ADVICE  
COMPLETED

48

RULE  
CHANGES  
COMPLETED

6

REVIEWS  
AND ADVICE  
UNDERWAY

13

RULE  
CHANGES  
UNDERWAY

33

NEW RULE  
REQUESTS

## Reviews and advice

The AEMC undertakes reviews and advice to answer questions or investigate matters that are relatively broad in scope. Our final reports recommend actions that governments, industry participants or other parties could take to improve regulatory and market arrangements. Many of our reviews are underpinned by terms of reference from one or more energy ministers, or from the jurisdictions as a whole, but we can also initiate our own reviews on matters related to the rules. In conducting our reviews and preparing advice we consult widely on matters which are related to the progress of the energy ministers' reform agenda.

We regularly review the state of competition in retail energy markets, the drivers of retail electricity prices, liquidity in gas markets, whether the economic regulatory framework is flexible enough to deal with increasing levels of distributed energy resources and drivers that could impact future transmission and generation investment.

During 2019-2020 we completed 17 reviews and made five formal submissions to government inquiries. A further six reviews were underway at 30 June 2020.

We received 289 written submissions from stakeholders in relation to reviews we worked on this year.

Seventy-eight per cent of the reviews we completed this year were completed within the original terms of reference timelines, a significant improvement from the sixty per

cent completed on time in 2018-2019. Extended timeframes were only required for two reviews with set timelines; we kept stakeholders informed about changes to final publication dates for the *Electricity network economic regulatory framework review 2019* and *Generator compliance template review – 2019*.

We initiated 13 new reviews in 2019-2020. Four were rules requirements; two of which related to the Reliability Panel's administrative operations. Five were requested by energy ministers and one was conducted by the Reliability Panel. The remaining three reviews – on stand-alone power systems, consumer protections and system strength frameworks in the NEM – were initiated by the AEMC.

## Rules

Requests for new rules or changes to the existing framework must come from outside the AEMC. Any government, regulatory body, organisation or individual can request a rule change and have it assessed against the national energy objectives.

The South Australian Minister also has the power to make rules on the recommendation of both the ministerial forum of energy ministers and the Energy Security Board.

Stakeholders shape the design and regulation of the market through their participation in the rule change process, and the extent of their

## Market reviews completed within original terms of reference timelines

78%

involvement has a direct impact on the quality of market outcomes. Active and early engagement assists the AEMC to develop a comprehensive understanding of the potential impacts of each rule change and make well-informed decisions. A guide to the rule change process is available on our website. It includes information about how to submit a rule request or lodge a submission, and we provide further guidance when requested.

Between July 2019 and June 2020 we completed 48 rule changes – the most ever completed in a single financial year. A further 13 were underway at 30 June 2020.

This year:

- stakeholders submitted 33 new rule change requests
- we received 586 written submissions in relation to rule change requests
- we made 18 rules amending the National Electricity Rules
- we made six rules amending the National Gas Rules
- we made six rules amending the National Energy Retail Rules
- we made six determinations not to make a rule in response to rule requests (two electricity; two gas; two retail)
- no rule change decisions were challenged by judicial review.

Our reasons for making (or not making) a rule, including how our decision serves the long-term interests of consumers, are set out in the final determination for each rule change that is published on our website. This rule making test contributes to greater regulatory predictability and transparency of the rule making process. Our decisions are subject to judicial review. A number of other accountability mechanisms including

reporting obligations under the *Australian Energy Market Commission Establishment Act 2004 (SA)* and the energy ministers' Statement of Expectations also apply to the AEMC's performance of its functions. From 10 July 2019, the AEMC's rule change process is also subject to Council of Australian Governments Regulation Impact Statement requirements (subject to certain exceptions).

### Rule making timeframes

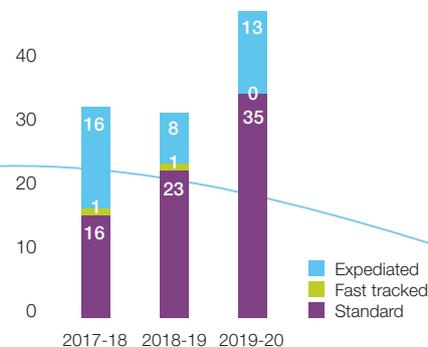
We seek to complete rule change processes as quickly as possible while recognising the importance of balancing broad public consultation with achieving the right outcomes for consumers. The rule change process must be undertaken within the statutory timeframes required by the national energy laws.

The standard timeframe under the law for a rule change is approximately 130 working days (six months). We must start as soon as practicable after receiving a rule change request.

To facilitate constructive consultation and encourage targeted feedback we start rule changes after an initial period of analysis and generally publish a consultation paper to facilitate stakeholder submissions. Before we start the statutory process we make practical decisions about whether the standard timeframes are achievable given the request's scope and competing reform priorities. We are able to extend the timeframe both at the start of a project and throughout the process in certain circumstances which are specified in the national energy laws.

We did not extend any of the rule changes we completed in 2019-2020 at initiation. We extended 18 rule change processes after initiation; although in a number of examples this involved more than one request consolidated into a single rule change as was the case for *Wholesale demand response mechanism*, *Transmission loss factors* and *DWGM simpler wholesale price*. Where we extended rule changes during the consultation process, it was due to the complexity and difficulty of issues being considered and further issues raised by stakeholders during consultation.

### Categories for completed electricity, gas and retail rule changes



### Rule changes completed without extension after initiation

63%

## Rule changes by category

### Standard

We completed 35 standard rule changes in the year under review. These rule changes were completed in an average of 153 working days. We are aware of our stakeholders' desire for us to make rules more quickly. Where possible we identify efficiencies which can speed up our processes – including coordinating related matters to make it easier for stakeholders to engage with us – provided it does not compromise the thorough consultation and engagement that forms the basis for an open and robust decision-making process.

We responded promptly to the COVID-19 pandemic by providing sophisticated online engagement options for stakeholder consultation; and working with AEMO and the AER to develop a joint market body prioritisation framework which set out – in consultation with stakeholders – urgent needs to address immediate issues arising from the impact of COVID-19 and the change impact to industry and consumers of continuing projects. See page 40 for more information about our COVID-19 response.

### Expedited

We completed 13 expedited rule changes in the year under review. All of these were expedited on the basis that they were non-controversial rule changes.

### Fast-track

We did not complete any fast-track rule changes in the year under review, however there are four fast-track projects currently underway:

- *Removal of intervention hierarchy*
- *Recovering affected participant compensation for RERT activation*
- *Changes to intervention mechanisms*
- *Removal of obligation to counteract during intervention.*

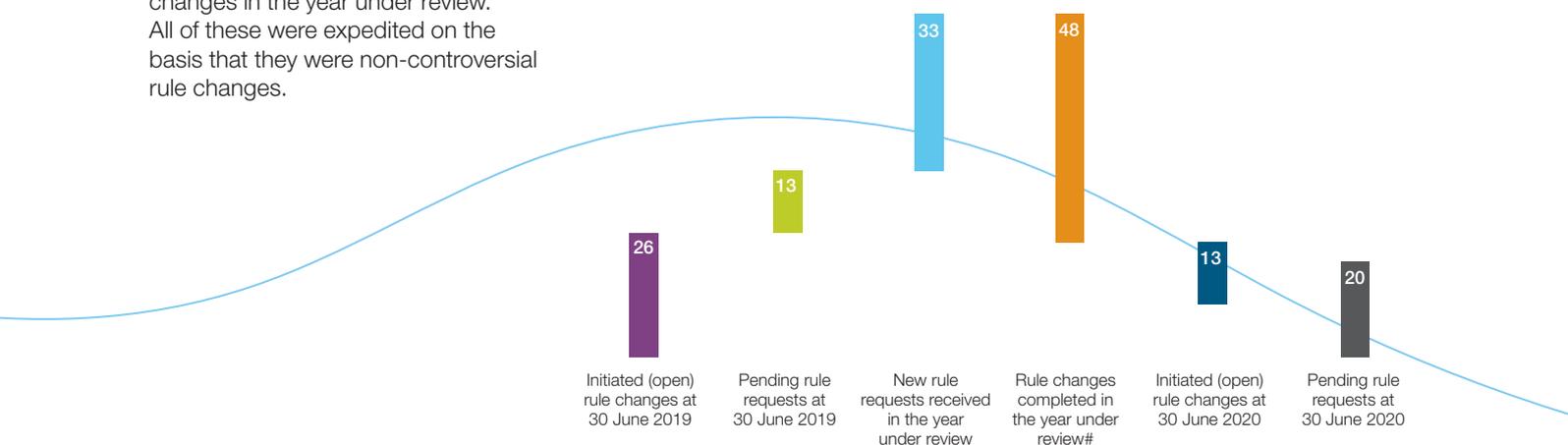
### Timeliness

We received 33 new requests to change rules this year, compared with 38 last year. Our timeliness in initiating rule requests decreased to 70%, in some cases due to the need to coordinate related work to achieve more streamlined outcomes. We also chose to delay some regulatory work through the joint market body prioritisation framework as a result of the COVID-19 pandemic's impacts on the energy sector.

## Rule change request proponents

Proponents	Requests in 2019-2020
AEMO	17
AER	2
COAG Energy Council	3
Delta Electricity	2
Infigen Energy	2
Energy Consumers Australia	1
Federal Minister for Energy and Emissions Reduction	1
Hydro Tasmania	1
NSW Energy and Water Ombudsman	1
Reliability Panel	1
TransGrid	1
Victorian Minister for Energy, Environment and Climate Change	1

### Rule changes requested, initiated and completed\*

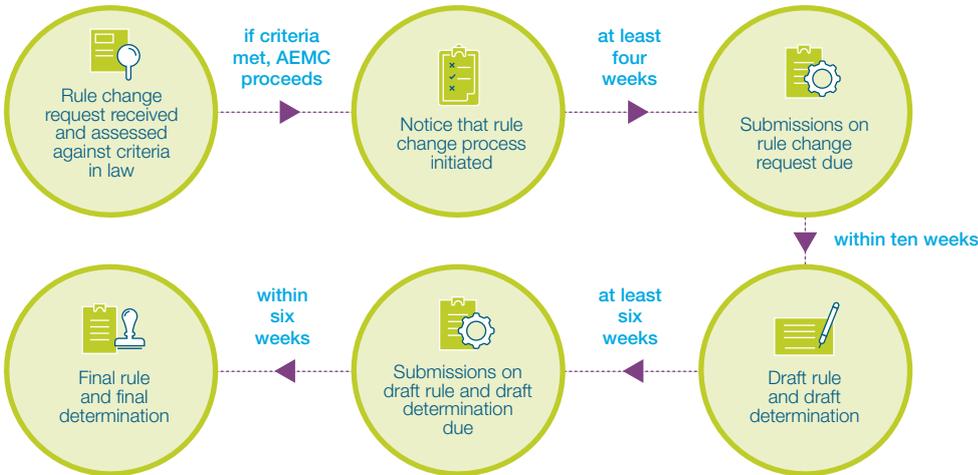


\* Some single requests have resulted in the initiation of multiple related rule changes (electricity/gas/retail)

## Managing rule making timeframes

### Standard rule change process

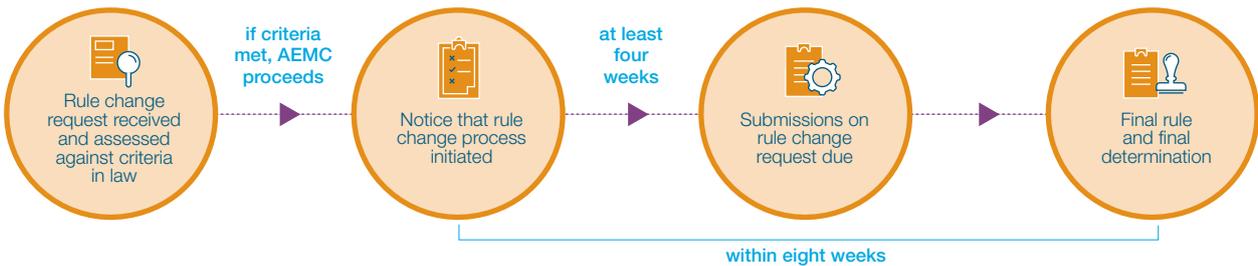
Approximately 130 working days



### Expedited rule change process

Approximately 30 working days

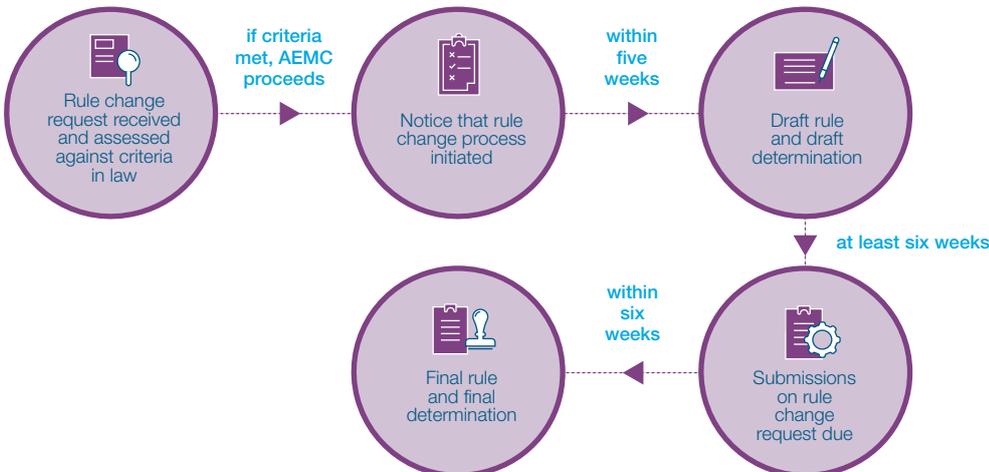
The Commission may expedite the rule making process if the request is for a non-controversial or urgent rule (as defined in the national energy laws).



### Fast track rule change process

Approximately 85 working days

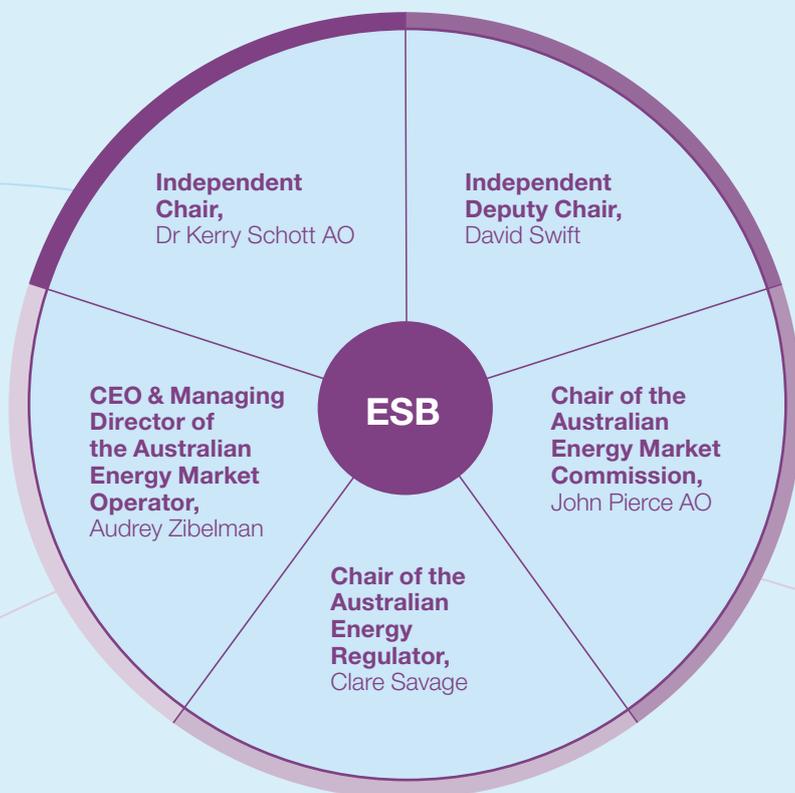
The rule making process can be fast tracked where there has been adequate previous public consultation on proposed rule changes by a market regulatory body, or if the request arises from an AEMC review.



# Working with the Energy Security Board on market development

The Energy Security Board was established in August 2017 by the then COAG Energy Council.

As at 30 June 2020, the Board was comprised of:



In addition to coordinating the implementation of the Finkel Review, the ESB has been asked to provide whole of system oversight for energy security and reliability to drive better outcomes for consumers.

The AEMC is committed to maximising the effectiveness and success of the ESB's work program. In collaborating with the ESB, our goal is to help develop policies and rule changes for the national electricity market that, together with the AEMC's rule changes and reviews, will bring about long-term benefits for consumers.

The three market bodies – the AEMC, the AER and AEMO – provide comprehensive support for ESB projects which can range from leading a particular ESB workstream and co-authoring papers and reports, to managing stakeholder engagement and running workshops, serving on a steering committee, providing legal review or undertaking modelling to inform policy development.

In addition to the AEMC's own rule changes and reviews, we are currently collaborating with the Energy Security Board on 17 ESB-led projects.

## Key projects with the ESB



### Post 2025 market design

In March 2019, the then COAG Energy Council asked the Energy Security Board to advise on a long term, fit-for-purpose market framework to support reliability, modifying the national electricity market to meet the needs of future diverse sources of non-dispatchable generation and flexible resources including demand side response, storage and distributed energy resource participation.

The Post 2025 program has been established by the ESB and the market bodies to oversee and coordinate this program of work, bringing together multiple forward-looking reform initiatives to develop alternative market designs for recommendation to the energy ministers.

#### The seven Post 2025 market development initiatives

1

### Resource adequacy mechanisms (MDI A)

(Project lead: AEMC)

Evaluating the case for introducing a new or adjusted mechanism to incentivise investment in resources to meet consumer and power system needs in a post 2025 NEM, including evaluating the benefits and risks of specific mechanisms.

2

### Ageing thermal generation strategy (MDI B)

(Project lead: ESB)

Analysing the need for additional market arrangements and regulatory approaches so that sufficient replacement capacity and system services are available to replace large, ageing thermal generators as they exit the NEM over the coming decades.

3

### Essential system services (MDI C)

(Project lead: AEMO)

The focus of this work will be to develop an enduring regulatory framework that will enable the market operator and participants to meet future system services needs.

4

### Scheduling and ahead mechanisms (MDI D)

(Project lead: AEMC and AEMO)

The development of a two-sided market, encouraging price responsiveness and demand flexibility which serves to improve matching of supply and demand across time. A better-informed market results in more efficient outcomes which leads to lower prices for all consumers.

5

### Two-sided market (MDI E)

(Project lead: AEMC and AEMO)

The security constrained economic dispatch of energy and system services is no longer sufficient to co-ordinate the resources required to maintain system security and reliability. The focus of ahead mechanisms considers what tools market participants and the system operator may need to enable efficient system-level coordination of resources to improve operational efficiency and ensure dispatch outcomes remain within the secure operational envelope in this more complex and uncertain operating environment.

6

### Valuing demand flexibility and DER integration (MDI F)

(Project lead: AEMC and AEMO)

Distributed energy resources (DER) is projected to become a significant part of the future energy system. If integrated efficiently and effectively, DER could contribute to a more resilient, flexible and lower cost energy system. Conversely poor integration could lead to significant increase in total system cost, which would ultimately be borne by end users. This package works with other MDIs to ensure the unique characteristics of DER, and customer owned DER specifically is considered in the market design of other MDIs.

7

### Transmission access and coordination of generation and transmission investment (MDI G)

(Project lead: AEMC)

AEMC review addressing the key challenge of transmission access reform in the NEM. The Commission has put forward a model to introduce locational marginal pricing and financial transmission rights. This will improve price signals to generators throughout the NEM which would lower electricity prices and emissions.

## Working with the Energy Security Board on market development



### Reliability and security measures

#### Interim reliability measures

**(Project lead: ESB)**

The ESB has examined establishing an interim reliability measure linked to a temporary out-of-market capacity reserve and an amended trigger for the Retailer Reliability Obligation (RRO).

#### Interim measures on system security

**(Project lead: ESB, with working group including AEMC)**

Coordinating action to implement interim measures to improve visibility of and confidence in resources leading to more accurate information that AEMO can rely upon to operate the power system, while more fundamental reforms are designed and implemented.

#### Implementation of renewable energy zones

**(Project lead: ESB)**

Preparation of enhanced planning arrangements for REZs and potential interim arrangements to support REZ implementation ahead of longer term access reforms.



### Stand alone reforms

#### Actionable ISP

**(Project lead ESB; AEMC advising on legal matters)**

At the request of the Council, the ESB developed an Integrated System Plan (ISP) Action Plan which set out twelve recommendations on how Group 1 projects in the ISP can be delivered as soon as practicable; how Group 2 and 3 projects should be progressed; and how the ISP would be converted into an actionable strategic plan.

#### Data strategy

**(Project lead: ESB, with steering committee and working group including AEMC)**

Developing recommendations for law, rule and organisational changes to improve data gathering and sharing practices to improve regulatory policy and consumer outcomes.

#### Distributed energy resources

**(Project lead: ESB, with steering committee including AEMC)**

The DER Integration Steering Committee is responsible for the identifying, reviewing and coordinating DER integration activities across the NEM. It has developed a DER Integration Workplan of priority actions focussed on technical, regulatory and market integration.

#### Review of the rules

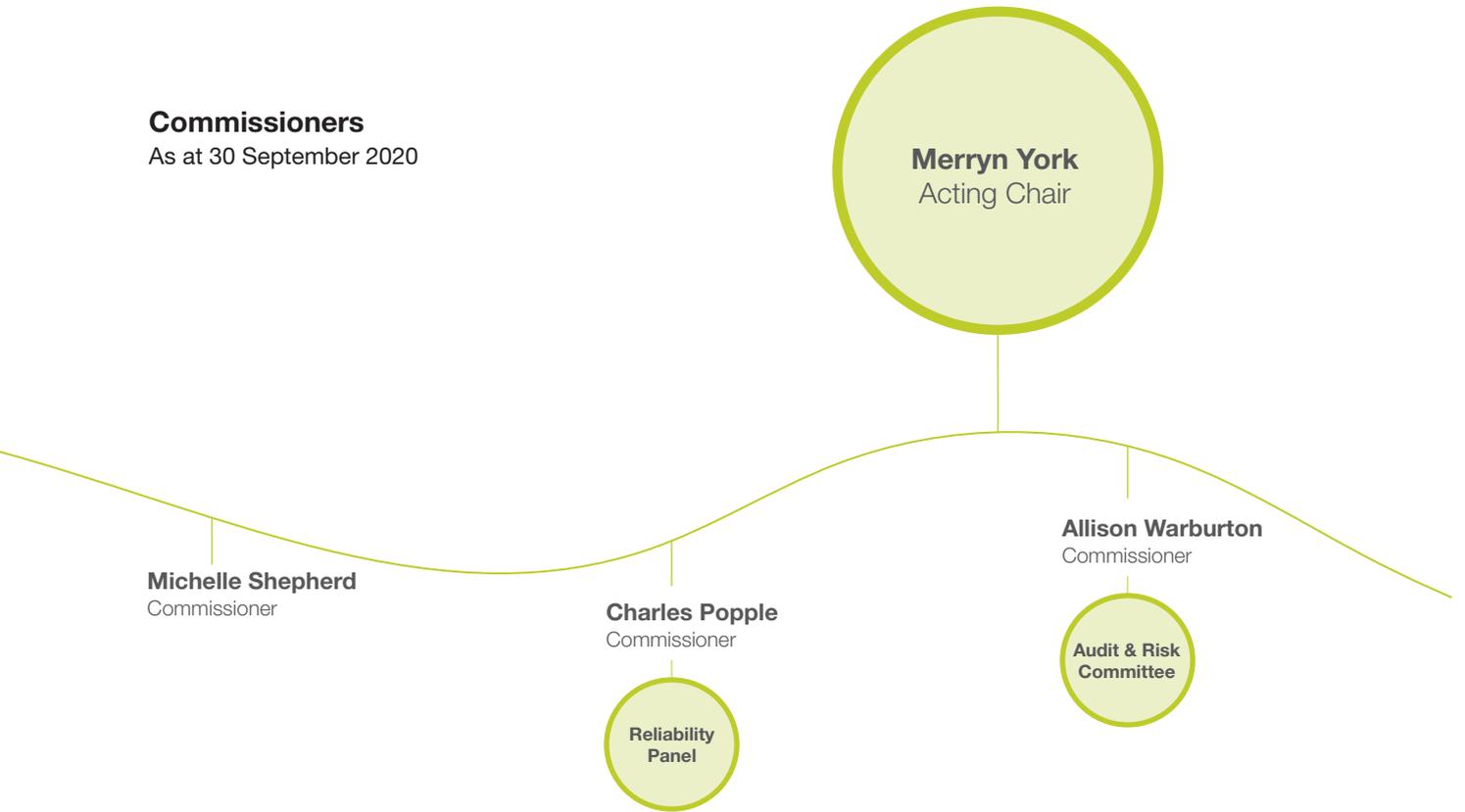
**(Project lead: ESB and AEMC)**

Review of the energy rules as part of the Finkel recommendations implementation; involves a number of workstreams focussing on making the rule change process more agile and timely and on streamlining the energy rules themselves.

# Organisation charts

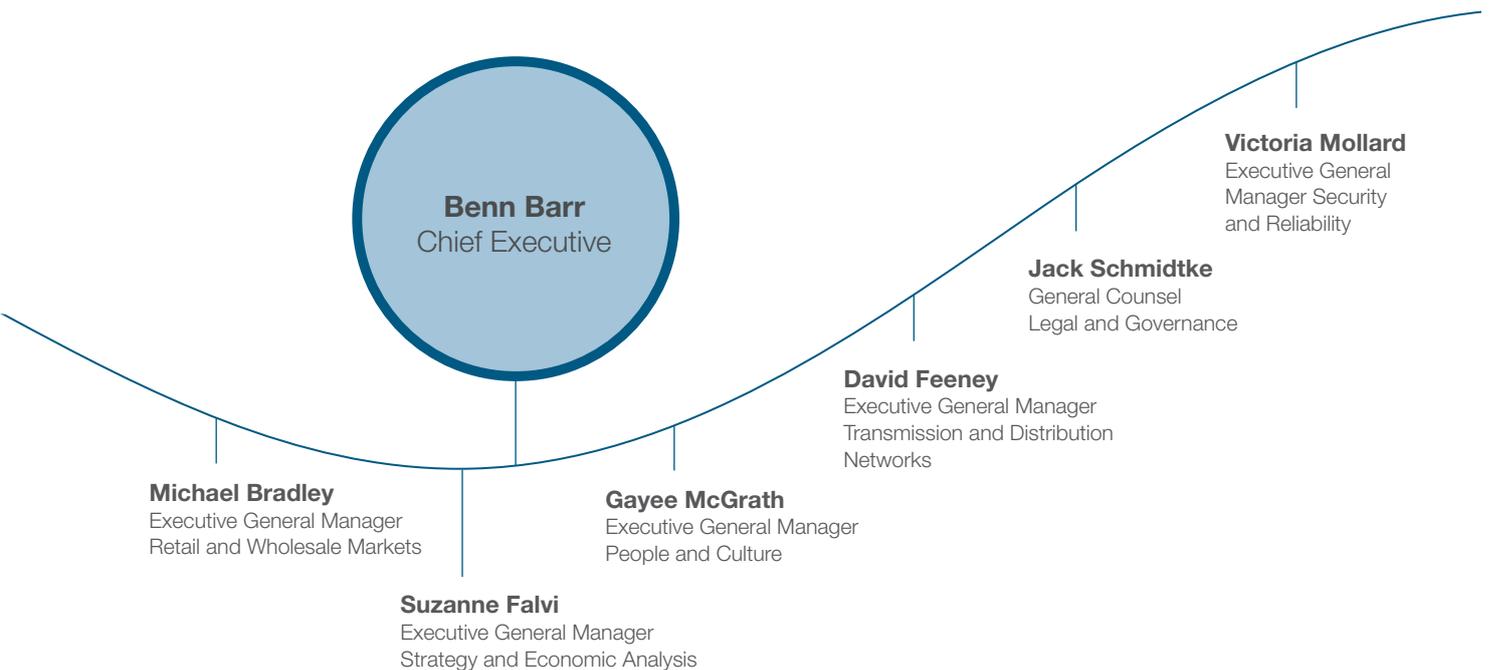
## Commissioners

As at 30 September 2020



## Executive leadership team

As at 30 September 2020



# AEMC Commissioners



**MERRYN YORK**  
Acting Chair (from 4 July 2020)  
and Commissioner

Merryn York was appointed as a part time Commissioner of the AEMC on 25 August 2019. She has more than 30 years' experience in the Australian energy sector, predominantly with Queensland's electricity transmission network provider.

An electrical engineer by profession, Merryn has worked in all facets of transmission network service delivery including asset management, regulation, capital investment and governance, customer engagement and business development, and network planning and performance.

From 2011 to 2019 she served as Powerlink's Chief Executive, with a focus on leading the business in its transformation to align with the changing external environment and better meet customer expectations.

In 2018 Merryn was appointed by the Queensland Government to its Queensland Energy Security Taskforce. She was a member of the AEMC Reliability Panel from 2013 for three years.

Merryn has also served as an Energy Networks Australia (ENA) board member, and chaired the ENA's Policy and Strategy Committee.

Merryn has a Bachelor of Engineering (Honours) in Electrical Engineering, a Master of Engineering Science, and a Graduate Certificate in Applied Law from the University of Queensland and is a graduate of the Australian Institute of Company Directors.



**CHARLES POPPLE**  
Commissioner and Chair  
of the Reliability Panel

Charles Pople was appointed as a part time Commissioner of the AEMC on 17 February 2018. He has spent more than four decades in the energy network sector. In the 1990s he played a significant role in the development of the national electricity market including reform of the network sector and the implementation of transmission system planning and pricing arrangements.

Charles has held management roles with Victorian Power Exchange, VENCORP, SPI PowerNet and SP AusNet. As a consultant, his focus was on energy markets and regulatory arrangements, with a view to achieving a balance between security, environmental challenges, and competitive pricing and products for energy consumers.

Charles has a Bachelor of Engineering from Monash University and a Master of Engineering Science in power system engineering from the University of Melbourne.

**AEMC Commissioners are appointed by Australia's state, territory and federal governments to make the rules under the national energy laws, and to advise governments on overall energy market development. A two-thirds majority of the ministerial forum of energy ministers is now required to confirm a new Commissioner appointment.**

Our Commissioners bring a breadth of commercial, government and regulatory experience to their roles and hold advanced qualifications in engineering, law, commerce and economics.

Chairman John Pierce stepped down from the AEMC on 3 July 2020 after a decade of highly effective leadership and exceptional commitment to the Australian energy industry. We are grateful for his many years of service and enduring focus on the long-term interests of consumers.

Our Commissioners bring a breadth of commercial, government and regulatory experience to their roles and hold advanced qualifications in engineering, law, commerce and economics.



**MICHELLE SHEPHERD**  
Commissioner

Michelle Shepherd was appointed as a part time Commissioner of the AEMC on 11 June 2018. She has more than 20 years' experience in energy policy and regulation in both the private and public sectors and has been involved in energy market development across Australia.

Before her appointment she was the General Manager Regulatory and Government Affairs at Alinta Energy for six years where she was actively involved in energy policy reform and the commercial implementation of policy changes nationally.

Prior to Alinta Energy, Michelle spent nearly 10 years at AGL where she played a key role in the development of regulatory frameworks across Australia. She has also worked for the Australian Competition and Consumer Commission, UK Competition Commission and the Federal Department of Finance.

Michelle has strong board experience and a focus on governance. She was a board member of the YMCA WA for four years, serving as Vice President (Deputy Chair) for her final two years of service. Michelle also spent almost five years on the board of REMCo when it operated the WA gas market.

She holds a Bachelor of Commerce from Curtin University and a Bachelor of Applied Economics from Murdoch University and is a graduate of the Australian Institute of Company Directors.



**ALLISON WARBURTON**  
Commissioner

Allison Warburton was appointed as a part time Commissioner of the AEMC on 12 March 2018. She has worked in the energy sector for more than 20 years, advising energy users, governments and major corporations on energy policy and legislation.

Allison was previously a partner and national head of Minter Ellison's climate change and renewables practice, and has been involved in emissions reduction and clean energy projects, and advised on the renewable energy target, the Emissions Reduction Fund and other legislative schemes to report on and reduce emissions.

In 2016 she was appointed by the Queensland Government to its independent Renewable Energy Expert Panel to advise on credible pathways to achieving the government's renewable energy target.

Allison served as a non-executive director of Stanwell Corporation until January 2018 and previously advised the Australian Greenhouse Office on developing new laws to regulate geological carbon capture and storage.

Allison has a Bachelor of Arts and a Bachelor of Laws with Honours from the University of Queensland. She is a member of the Australian Institute of Company Directors and the Queensland Law Society.

# Executive leadership team



**The AEMC's Commissioners are supported by the Chief Executive and the AEMC's executive leadership team. Together they discharge rule making and market development roles in line with the AEMC's Code of Conduct which requires AEMC staff to act with fairness, honesty, impartiality and integrity in all our dealings.**

Our executive general managers set the agenda for the organisation and are accountable for its operating principles. They develop and implement the organisation's strategy and direct our rule-making and review functions.

The Chief Executive and executive leadership team have delegations in relation to some statutory decisions, including initiation of rule changes, and a range of other operational matters, including the employment of staff and engagement of consultants.

As energy market transformation continues to result in a significantly increased workload for the AEMC, our leadership team's focus on the most effective use of available resources has enabled us to continue to meet commitments to our stakeholders.

This year we were pleased to welcome a new Chief Executive Benn Barr who joined us from the Queensland Department of Natural Resources, Mines and Energy.

## **BENN BARR** Chief Executive

Benn joined the AEMC in April 2020 following six years as Deputy Director General in the Queensland Department of Natural Resources, Mines and Energy.

He has over 15 years' experience in energy and climate change policy and has a deep understanding of the national energy market and opportunities for renewable energy. He has expertise in the energy market and regulation, with a track record of providing strategic policy advice to government across a diverse range of resource management areas, as well as contributing to the national Council of Australian Governments (COAG) energy agenda.

Benn has a strong interest in effective modern governance having recently undertaken professional development at the John F Kennedy School for Government at Harvard University.

He was the Secretary of the Council for the Australian Federation, a collaborative intergovernmental group of state and territory Premiers and Chief Ministers, and has served as the Queensland Government's senior official for the COAG Energy Council.

Benn has a Bachelor of Economics from James Cook University and is a graduate of the Australian Institute of Company Directors.

*The previous Chief Executive, Anne Pearson, left the organisation on 24 October 2019.*

## **SUZANNE FALVI** Executive General Manager, Strategy and Economic Analysis

Suzanne leads the team responsible for the AEMC's strategic approach, stakeholder communication, and economic and data analysis. She joined the AEMC in 2012 as a senior lawyer and subsequently led the Security and Reliability team, followed by a period in 2019-2020 as the AEMC's Acting Chief Executive.

Suzanne previously worked as a senior policy adviser for the ACT Government in their energy policy team, as in-house counsel in a solar technology research and development company, and for Minter Ellison specialising in competition, energy and administrative law and commercial litigation.

She holds a Bachelor of Economics, a Bachelor of Law with Honours and a Master of Laws in International Law from the Australian National University.

*The previous Executive General Manager in this position, Tim Nelson, left the organisation in March 2020.*



**DAVID FEENEY**  
**Executive General Manager,  
 Transmission and Distribution  
 Networks**

David leads the team responsible for reviews and rule changes relating to the operation and economic regulation of electricity and gas networks.

He joined the AEMC from Australia's largest telecommunications company, Telstra, where he performed a commercial development role and led the organisation's wholesale pricing strategy. Prior to this David managed industry engagement and commercial access arrangements for NBN Co.

David has previously held senior economist positions with NSW Treasury and the Productivity Commission. He holds a Bachelor of Commerce from the University of Newcastle and a Master of Public Affairs from the University of Sydney.

*The previous Executive General Manager in this position, Richard Owens, left the organisation in January 2020.*



**VICTORIA MOLLARD**  
**Executive General Manager,  
 Security and Reliability**

Victoria Mollard leads the team responsible for reviews and rule changes relating to system security and reliability which have been a principal focus for the energy market bodies in the past three years. She also leads the Reliability Panel secretariat.

Victoria has been at the AEMC since 2012 and has predominantly worked on transmission frameworks and wholesale market reforms. Before joining the AEMC in 2012, she worked for NERA Economic Consulting advising clients on a range of matters of competition, regulatory principle and policy across the water, transport and energy sectors.

She holds a Bachelor of Commerce and Arts, and Masters of Commerce in Economics from the University of Auckland.



**MICHAEL BRADLEY**  
**Executive General Manager,  
 Retail and Wholesale Markets**

Michael leads the team responsible for reviews and rule changes relating to the competitive parts of Australia's electricity and gas sectors. He joined the AEMC in 2016 and has directed a number of major projects including our annual retail competition and price trends reviews.

Michael has wide-ranging commercial, regulatory and policy development experience. Before joining the AEMC, he worked as an economic consultant in the infrastructure and telecommunications industries and has held a number of senior management positions at Telstra.

Michael has a Bachelor of Economics from the University of Sydney.

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## Executive leadership team



**GAYEE MCGRATH**  
**Executive General Manager,  
People and Culture**

Gayee has been working with the AEMC since 2016, and is currently the head of People and Culture, the team responsible for organisational culture, professional development and recruitment.

Her background is in executive management; she previously worked as Executive General Manager for CiEvents, a global strategic event management agency, and spent 16 years with Qantas in senior executive roles.

Gayee has qualifications in business studies, and certifications in leadership, executive management and human resources.



**JACK SCHMIDTKE**  
**General Counsel,  
Legal and Governance**

Jack leads the team which provides and coordinates support to the Commission on legal, regulatory and governance matters, and drafts amendments to the national energy rules. In 2018 he was seconded to the Energy Security Board to work on key energy market reforms.

Jack has worked as a legal adviser in both the corporate and public sectors. Before joining the AEMC in 2014, he worked for Herbert Smith Freehills and DLA Piper in their corporate practice groups and as an in-house legal counsel, providing legal advice on regulatory matters, corporate governance, and public and private mergers and acquisitions. He was also an Associate to the Hon. Richard Conti, a Judge of the Federal Court of Australia.

Jack holds a Bachelor of Law with First Class Honours and a Bachelor of Arts from the University of Sydney.

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As energy market transformation continues to result in a significantly increased workload for the AEMC, our leadership team's focus on the most effective use of available resources has enabled us to continue to meet commitments to our stakeholders.

# Reliability Panel

**The Reliability Panel is comprised of members who represent a range of participants in the national electricity market, including AEMO, generators, network businesses, consumers and large end users. It forms part of the AEMC's institutional arrangements and reports on the safety, security and reliability of the national electricity system.**

The Panel determines standards and some of the guidelines used by AEMO and participants which help to maintain a secure and reliable power system for consumers. The Panel's work program is set by requirements in the rules and through terms of reference received from the AEMC. The National Electricity Law sets out the key responsibilities of the Panel.

These include:

- to monitor, review and report on the safety, security and reliability of the national electricity system
- at the request of the AEMC, to provide advice in relation to the safety, security and reliability of the national electricity system.

The Panel completed six projects this year, including the formal process to appoint new Panel members.

## Annual market performance review 2019

The *Annual market performance review 2019* found that solutions are in sight for Australia's power system, although the tough job of keeping the power system secure will get harder before gets easier.

In the 2018-2019 financial year there were more times when the system was not in a secure operating state compared with the previous year.

But the review also noted that new technologies and ways of doing business would be pivotal in providing solutions. For example, Australia is leading the way with battery storage installation – with about a quarter of global battery installations by capacity installed in Australia in 2019.

This year's report highlighted climate change as a major consideration in future power system security. As the number and range of weather events such as prolonged extreme temperatures, cyclones and bushfires increase as a result of climate change, the challenge of maintaining the secure operation of the power system will grow.

The four incidents during 2018-2019 where the power system was not in a secure operating state for more than 30 minutes raised some broader security issues including that the power system may be becoming less resilient to large disturbances.

On reliability, the review found while the reliability standard was not breached during the year, it was becoming more challenging to maintain as the supply/demand balance tightens, especially on high temperature/high demand days and the Panel expressed concern about the increasing reliance on interventions to maintain reliable supply.

## What is the reliability standard?

Reliability in the electricity sector means that the power system has enough capacity to meet consumer demand. That is, the system has sufficient capacity to produce and transport electricity to meet consumer demand

The NEM's reliability standard expresses the desired level of reliability sought from generation assets, demand response and the transmission lines that transport power between states. It is crucial to the NEM as it underpins the operational and investment decisions that drive reliability.

The reliability standard is currently expressed as:

**“a maximum expected unserved energy (USE) in a region of 0.002 per cent of the total energy demanded in that region for a given financial year”.**

In other words, the reliability standard implies that we expect to have enough supply to meet demand 99.998 per cent of the time, in every region every financial year.

### Reliability standard

The Reliability Panel completed its review on the *Definition of unserved energy* in August 2019.

The Panel sought to clarify and simplify the definition of unserved energy which is used in evaluating whether the reliability standard has been met.

It concluded that the unserved energy definition is largely fit for purpose but that it would benefit from minor changes aimed at providing clearer and more accurate information to the market. As a result of this conclusion, the Panel submitted a rule change request to the AEMC seeking changes to develop a principle to guide AEMO when allocating incidents to unserved energy and to require AEMO to provide more information about how it calculates unserved energy.

The Panel believes these changes will provide better information, and transparency about how the reliability standard is assessed once an event has occurred.

In light of increased discussion about power system reliability, in March 2020 the Reliability Panel published a new resource to further inform the conversation.

A background paper on current considerations for the reliability standard, and an accompanying fact sheet on what the standard means and how it is used, are the first step towards the Panel's next statutory review of the reliability standard and settings which will commence in early 2021 and must be completed by 2022.

### Panel members at 30 June 2020

The AEMC is very fortunate that experts across the energy sector willingly dedicate their time to serve as members of the Reliability Panel.

Panel members are selected on the basis of their direct interests in the reliability of electricity supply. Consideration is also given to balancing Panel membership representation according to geographical location and participating jurisdictions.

The AEMC appoints members to the Panel for a period of up to three years. Members are appointed in consultation with industry, end use consumers and consumer groups.

Members who are appointed to represent registered participants must be agreed to by at least one third of the category of registered participant they represent (for example, generator, market customer, network service provider).

The National Electricity Rules require that the Panel is comprised of the following membership:

- An AEMC Commissioner (appointed for up to three years)
- The Chief Executive Officer or delegate of AEMO
- Four members that represent registered participants including:
  - generators
  - market customers;
  - transmission network service providers (TNSPs)
  - distribution network service providers (DNSPs)
- A person representing the interests of end use customers for electricity.

The AEMC has some discretion to appoint up to three members who may have expertise in areas that are not otherwise represented by other Panel members.

Two new panel members were appointed in December 2019. Keith Robertson, General Manager Regulatory Policy, Origin Energy, was appointed as the market customer representative, replacing Richard Wrightson. Paul Simshauser, Executive General Manager Energy Markets, Infigen Energy, was appointed as the generator representative. Existing Panel members Trevor Armstrong and Gavin Dufty were also reappointed.

In June 2020, the Reliability Panel announced the appointment of a further two new representatives.

Alinta Energy's Ken Woolley was appointed as the new generator representative on the panel, replacing Professor Paul Simshauser, who resigned as a generator representative upon moving to take up his new position at Powerlink.

Craig Memery from the Public Interest Advocacy Centre was also appointed as the end use customer representative on the Panel, replacing Gavin Dufty.

The AEMC and the Reliability Panel wish to thank Mr Dufty for his significant contributions to the Panel in representing electricity consumers, particularly Australians in need, for more than nine years; and thank Mr Wrightson for his valuable efforts during his seven year commitment as the market customer representative.

## CHARLES POPPLE

### Chair

Charles Popple, a Commissioner at the AEMC, has spent more than four decades in the energy network sector. In the 1990s he played a significant role in the development of the National Electricity Market including reform of the network sector and the implementation of transmission system planning and pricing arrangements. He has also held management roles with Victorian Power Exchange, VENCORP, SPI PowerNet and SP AusNet. As a consultant, his focus was on energy markets and regulatory arrangements, with a view to achieving a balance between security, environmental challenges, and competitive pricing and products for energy consumers. Charles has a Bachelor of Engineering from Monash University and a Master of Engineering Science in power system engineering from the University of Melbourne.

## TREVOR ARMSTRONG

Trevor Armstrong, Chief Operating Officer of Ausgrid, is the distribution network service provider representative on the Panel. He joined Ausgrid as a cadet engineer in 1986 and has spent the last 30 years working in various roles including Executive General Manager System Planning & Regulation, and Executive General Manager Transmission & System Operations. He was appointed to the role of Ausgrid's Chief Operating Officer in 2012. Trevor has an Electrical Engineering Degree, is a Fellow of the Institute of Engineers, a Graduate of the Australian Institute of Company Directors and the Treasurer of CIGRE.

## STEPHEN CLARK

Stephen Clark, Technical and Economic Lead – Project Marinus at TasNetworks, is the transmission network service provider representative on the Panel. He is responsible for assessing the economic benefits of further interconnection between

Tasmania and Victoria, as well as exploring the system performance issues associated with large amounts of inverter connected generation feeding an isolated power system.

## KATHY DANAHER

Kathy Danaher, Chief Financial Officer and Executive Director of Sun Metals, is a discretionary member of the Panel. She is responsible for wholesale electricity trading, hedging and transmission procurement for Sun Metals' zinc refinery, one of the largest single site consumers of electricity in Queensland. Ms Danaher holds a Bachelor of Science with Honours in Marine Biology, Bachelor of Business (Accounting), and is a Certified Practising Accountant with CPA Australia.

## KEN HARPER

Ken Harper is Group Manager – Operational Support at AEMO, responsible for operational forecasting, planning power system operations up to seven days ahead, congestion and grid modelling, and training of gas and electricity operators. He has more than 25 years' experience in developing, analysing and operating energy trading operations, having worked at Marsden Jacob Associates, Alinta Energy, Delta Electricity, Snowy Hydro, Red Energy and EnergyAustralia.

## CRAIG MEMERY

Craig Memery has represented energy users for the last decade, and now leads PIAC's Energy and Water Consumer Advocacy Program which promotes access to affordable, sustainable energy and water for NSW households, through improvements in policy, regulation and markets that benefit all energy users and targeted supporting measures for people facing hardship and disadvantage. He is also a board member of the Energy & Water Ombudsman NSW and Chair of the Australian Energy Regulator's Consumer Reference Group.

## CHRIS MURPHY

Chris Murphy, Strategic Advisor at Meridian Energy and General Manager – Energy Market Interfaces for Telstra, is a discretionary member of the Panel. In previous roles in the electricity industry he has been responsible for distribution revenue, system-wide load forecasting, tariff development and regulatory affairs.

## KEITH ROBERTSON

Keith Robertson is the General Manager Regulatory Policy at Origin Energy. He is responsible for advocating for effective wholesale, retail and environmental market regulations at Origin Energy. Keith has over 20 years of experience in the energy sector and has held senior positions in strategy and development, energy trading and sales and marketing.

## JOHN TITCHEN

John Titchen, Managing Director of Goldwind Australia, is a discretionary member of the Panel. He established Goldwind Australia in 2009 and has since overseen the development of Goldwind Australia's portfolio of wind and solar generation. John has previously worked for the Electricity Commission of NSW, Pacific Power and Hydro Tasmania.

## KEN WOOLLEY

Ken Woolley is the Executive Director Merchant Energy at Alinta Energy and a Director of Latrobe Valley Power. He is responsible for power generation asset management and operations, wholesale gas, electricity and renewable trading functions and power development at Alinta Energy. He has more than two decades of experience in the energy sector, including roles as Executive Director Power Generation at Alinta Energy and General Manager Power Development at AGL Energy.

## Reliability Panel

Member	Organisation and position	Market segment	Term expiry	Panel meetings	
				Eligible	Attended
<b>Current members as at 30 June 2020</b>					
<b>Charles Pople (Chair)</b>	Chair and AEMC Commissioner	AEMC	16 February 2023	11	11
<b>Trevor Armstrong</b>	Chief Operating Officer, Ausgrid	DNSPs	31 December 2020	11	7
<b>Stephen Clark</b>	Technical and Economic Lead – Project Marinus, TasNetworks	TNSPs	17 December 2021	11	10
<b>Kathy Danaher</b>	Chief Financial Officer and Executive Director, Sun Metals	Discretionary	31 August 2021	11	10
<b>Ken Harper</b>	Group Manager Operational Support, AEMO	AEMO	N/A	4	4
<b>Craig Memery</b>	Project team leader – Energy + Water Consumer’s Advocacy Program, Public Interest Advocacy Centre	End use customers of electricity	30 June 2023	0	1 (attended in June as a guest before his appointment started)
<b>Chris Murphy</b>	Strategic Advisor, Meridian Energy and General Manager – Energy Market Interfaces, Telstra	Discretionary	31 December 2020	11	11
<b>Keith Robertson</b>	General Manager Regulatory Policy, Origin Energy	Market customers	31 December 2022	6	7 (attended in December as a guest before his appointment started)
<b>John Titchen</b>	Managing Director, Goldwind Australia	Discretionary	17 December 2021	11	11
<b>Ken Woolley</b>	Executive Director Merchant Energy	Alinta Energy	30 May 2023	1	1

# Our stakeholders

**Australia has a unique set of arrangements for changing the shape and design of the energy market. Anyone can submit a request to change the rules that regulate our energy market. Consequently stakeholders have a unique opportunity to help mould the future direction of energy reform. In this rapidly evolving environment, we know the effectiveness of our engagement with stakeholders determines the quality of the market and consumer outcomes that we achieve.**

Stakeholders play an integral role in how we approach ideas and assess options. Early and active involvement from a broad range of stakeholders allows us to fully assess and understand the impacts that our decisions can have on the market. This level of engagement allows us to produce well-informed, high quality and enduring rule changes.

Experts from a range of areas across the energy sector willingly dedicate their time to serve as members of our Reliability Panel; to be part of working and technical reference groups; to prepare detailed submissions on complex matters of policy, technical detail and implementation; and to attend forums and workshops.

It is through our stakeholder collaborations that we consider reform options that may not have been available a relatively short time ago – but may now be possible because of the rapid pace of technological advancement and how the regulatory frameworks have been adapted to respond to new business models, technologies and consumer needs and wants.

## Submitting a rule change request

A unique aspect of the energy market and regulatory change process in Australia is that anyone can submit a request to change the arrangements. Rules can be changed in response to requests submitted to us by individuals, consumer groups, industry or governments. Our website includes step-by-step guidelines to assist individuals or organisations in preparing a rule change request. If a proponent is unsure about whether their request satisfies the relevant statutory requirements, we encourage them to speak with us for help in framing an appropriate response for submission.

## Stakeholder feedback on our consultation processes

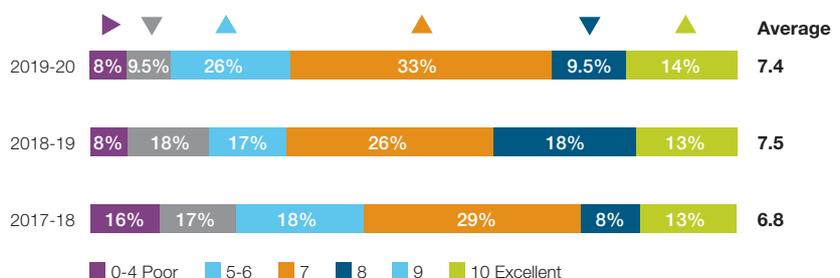
As part of our commitment to identifying ways in which we can improve our engagement and communication, this year we sent out 779 invitations to stakeholders to participate in one or more quarterly online surveys about projects in which they were actively involved, for example by making a submission or attending a public forum.

The 16 projects we surveyed were selected to source feedback from a wide range of stakeholder types across different focus areas.

We were pleased to receive responses from 23 per cent of individuals who shared their opinions about how we interacted with them and provided valuable recommendations about steps we can take to enrich our stakeholder engagement.

The average rating this year was 7.4 (out of 10). Eighty-three per cent of respondents rated the AEMC's overall approach to the review or rule change they participated in as quite good, very good or excellent (7 or more out of 10). We are pleased that stakeholders are aware of our efforts to continuously improve our engagement processes and we continue to take action on the feedback we receive, wherever possible.

### Survey results: overall ratings of AEMC's approach to consultation



## Engagement throughout the COVID-19 pandemic

**With the global COVID-19 pandemic being declared in early 2020, we have worked collaboratively with AEMO and the AER to prioritise and adjust regulatory work programs and the engagement that comes with them.**

Extensive feedback was sought from stakeholders and the prioritisation framework has been developed to ease regulatory pressure on industry while also protecting key reforms underway to keep momentum going on important reforms.

Because of the pandemic, we have developed a more sophisticated way to conduct public forums and webinars online with people from around Australia – allowing more engagement from a range of stakeholders no matter where they live.

We continue to receive feedback from stakeholders that these changes make engagement with AEMC rule changes and reviews more accessible, particularly for consumer groups and smaller organisations who have less resources.

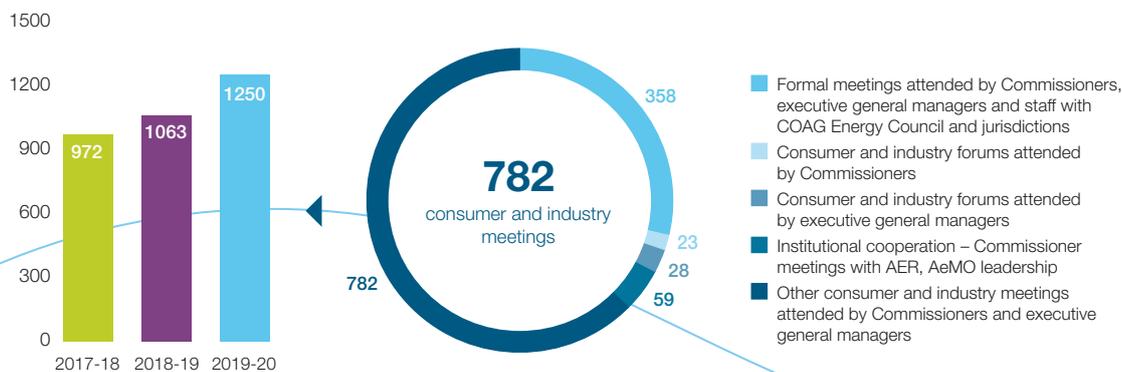
We are taking action so that we will be able to continue this enhanced level of online engagement beyond the pandemic.

### Extent of engagement

Between July 2019 and June 2020, AEMC staff participated in 1250 formal meetings and forums with governments, market bodies, industry participants and consumer groups – this is an 18% increase from the 2018-2019 financial year. We held 41 of our own formal stakeholder forums and workshops, many of which were moved to a completely virtual environment to encourage and allow continued participation from stakeholders during the evolving COVID-19 pandemic situation.

Responding to stakeholder requests, we held two pre-final rule determination hearings – in August 2019 for the *Wholesale demand response mechanism* rule change and in November 2019 for the *Transmission loss factors* rule change. Hearings serve a special purpose under the national energy laws. Their purpose is for stakeholders to present views to AEMC Commissioners in person. Hearings are in addition to all other consultation stages carried out by the AEMC. For each hearing we provided a transcript of the hearing for stakeholders who had not registered to attend in person.

### Rising engagement



## Engagement with international market bodies and associations

The AEMC actively engages with international energy market bodies that cooperate on global issues affecting energy markets.

Our Commissions and executive leadership team meet regularly with representatives from the New Zealand Electricity Authority and Ofgem, the UK's Office of Gas and Electricity Markets.

International engagement enables us to benefit from the experience of others and provides a forum to share insights drawn from the high quality analytical work undertaken by Australia's own energy market institutions.

The AEMC is a member of the International Confederation of Energy Regulators (ICER), the World Energy Council (WEC) and the Energy Intermarket Surveillance Group (EISG).

ICER is an international body whose aim is to improve policymakers' awareness and understanding of energy regulation and its role in addressing energy regulation issues in an international context. Through ICER, regulators exchange information about good practices in energy regulation. The AEMC sits on the ICER Steering Committee and also acts as Chair of the ICER Chronicle.

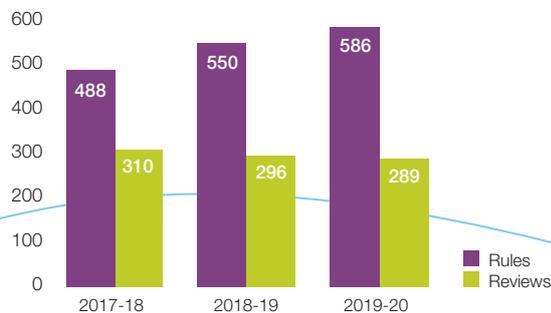
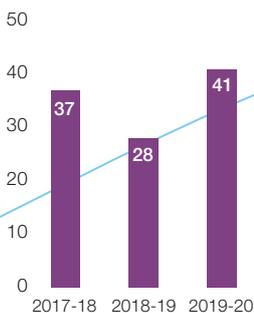
The WEC is an international body with over 3,000 member organisations in around 90 countries. The WEC's aim is to promote the sustainable supply and use of energy for the greatest

benefit of all people. Through the WEC, the AEMC has the opportunity to collaborate with governments, businesses and organisations from around the world on how to unlock exponential growth opportunities and successfully manage energy transitions of all scales. Our Chairman John Pierce gave a keynote address at the 24th World Energy Congress in 2019.

The Energy Intermarket Surveillance Group (EISG) is a group of international energy market monitors, the focus of which is development of common ideas with respect to information requirements, market performance indicators and the types of conduct that should be subject to monitoring, mitigation or compliance action.

### Stakeholder submissions

#### Formal stakeholder forums and workshops



# Our people

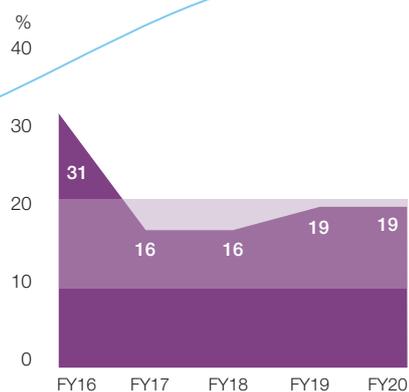
**We are rising to the challenge of transforming Australia's energy markets. That commitment shows as we undertake careful analysis and engage meaningfully with our consumer, industry and government stakeholders to make decisions.**

We're proud of our people and of the diverse perspectives that make up our organisation, harnessed to deliver market reform that's working for the benefit of Australian families and businesses.

## Workforce planning

Our workforce plan responds to the AEMC's strategic priorities and forms part of our business planning process. As a knowledge organisation, our strategy is realised through the efforts of our high calibre workforce, and ensuring that our skills, capabilities and resourcing requirements are aligned to our current and future needs. We support this through ongoing skills development and timely acquisition of talent, including our graduate program which provides a career pathway in policy advice and contributes to Australia's energy sector future workforce more broadly.

## Staff turnover



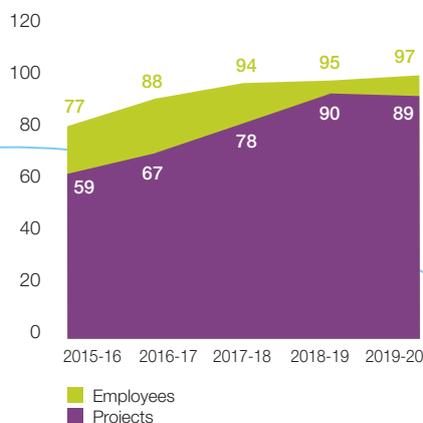
## Career development

Key to the retention and engagement of our people is our learning and development platform which encompasses technical and industry training, internal programs which share expert knowledge across our organisation, and ongoing competency development. Our internal talent strategy encompasses the development of our policy advice pipeline through our 12-month graduate program; opportunities for lateral transfers and use of matrix work structures that utilise specialist skills and provide opportunities for development; and the development of our future leaders aligned to succession planning.

## Building capabilities

At the heart of our work delivery capability are skills across project planning, analytical thinking, judgement, teamwork and communication. Learning initiatives drive continuous development across these areas, including our newly launched internal *Economics* forum.

## Total staff numbers

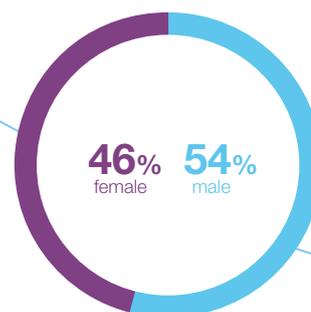


Throughout the year we also facilitate short format learning sessions which provide our people with the opportunity to engage with a broad range of industry topics, and hear from technical specialists and leaders from across the sector. The delivery of these sessions has continued throughout the COVID period, leveraging virtual technology to keep our people connected with the sector. We also encourage continuous learning by supporting further study in the field of economics through our scholarship program.

## Health and wellbeing

Our work health and safety arrangements support a strong risk management culture. We take an integrated approach to managing health, safety and wellbeing, providing a range of initiatives to promote positive lifestyle practices, such as wellbeing seminars, and targeted programs to proactively manage identified areas of risk. This includes taking proactive measures to address the physical work environment, engaging and consulting with our people, providing training, undertaking risk assessments and other preventative practices, and ensuring the effectiveness of our approach through evaluation and reporting.

## Staff by gender



Central to our focus on work health and safety this year has been our response to and management of the ensuing COVID-19 pandemic, and its impact on our people. We conducted a comprehensive risk assessment and consulted with our people on the formation of a COVID Safe plan, which complies with Government health directives and SafeWork Australia, and is regularly reviewed.

The plan addresses:

- work arrangements,
- hygiene, sanitisation and cleaning practices,
- direction when to stay away from the office,
- transport and travel,
- office facilities and access to the office,
- visitor management,
- emergency response plan,
- tracking and reporting,
- psychological support,
- supplies, resources and signage, and
- workplace layout arrangements and guidelines to ensure social distancing requirements are met that allow our people to progressively return to the office should they so wish.

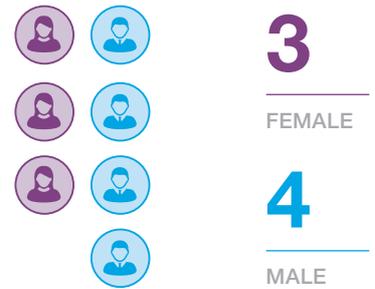
To support our people to transition to a virtual working environment we increased the frequency of our communication and consultation practices, addressing ergonomic issues such as scheduling screen free time across the organisation and providing individualised virtual ergonomic consultations through an organisational physiotherapist, from which we implemented a virtual group

program to proactively address the impact of sedentary work. Our annual flu vaccination program was delivered via a network of participating localised pharmacies to reduce the necessity to travel. To support the psychological impact of the pandemic we engaged our employee assistance program provider to deliver a range of webinars. Our learning and development program has been reconfigured to provide a virtual delivery model.

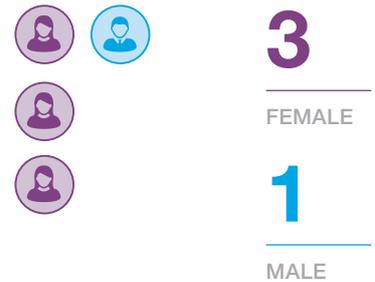
### Diversity

We are focussed on maintaining an inclusive culture where our differences are harnessed to create operational strengths. This includes providing the opportunity to work flexibly supported by enabling technology. Nine per cent of our people work part time. Ensuring gender diversity across the organisation is also important; as at 30 June 43 per cent of our executive leadership team are female. Supporting the needs of our return-to-work parents is also important, and we are proud of our 100 per cent return rate from parental leave.

### Executive leadership team



### Commissioners



### Staff by role

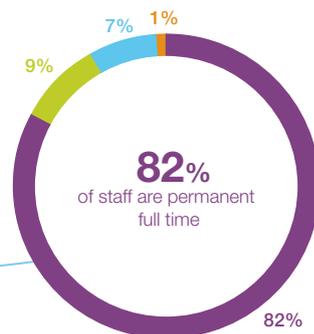
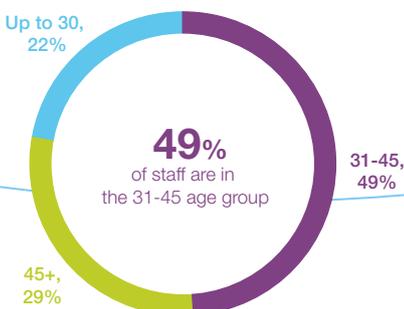
- Staff directly associated with rules and market development project delivery
- Corporate support (includes administrator operations, human resources, finance and
- Commissioners

### Staff by status

- Permanent full time
- Permanent part time
- Fixed term
- Casual

### Staff by age group

- Up to 30
- 31-45
- 45+



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# Governance

## Legislative framework

The AEMC is a body corporate established under South Australian law and its key functions and powers in relation to the making of national energy rules and market reviews are set out in the national energy laws (Part 4, National Electricity Law; Part 2 of Chapter 2, National Gas Law; Part 9, National Energy Retail Law) and the *Australian Energy Market Commission Establishment Act 2004* (SA).

In addition to its powers and functions under these laws, the AEMC is required to comply with a number of South Australian, New South Wales and Commonwealth laws relating to such matters as record keeping, information disclosure, financial reporting and employment related matters. For example, the AEMC complies with the *Fair Work Act 2009* (Cth), New South Wales work health and safety laws and South Australian laws such as the *Freedom of Information Act 1991* (SA), the *Public Finance and Audit Act 1987* (SA) and the *State Records Act 1997* (SA). From 10 July 2019, the AEMC's rule change process is also subject to COAG Regulation Impact Statement requirements (subject to certain exceptions).

## Memoranda of understanding

To assist in the performance of its operations, the AEMC has entered into Memoranda of Understanding (MOU) with the following organisations:

- Australian Competition & Consumer Commission
- Australian Energy Market Operator
- Australian Energy Regulator
- Australian Renewable Energy Agency
- Energy and Water Ombudsman New South Wales
- Energy and Water Ombudsman Queensland
- Energy and Water Ombudsman South Australia
- Energy and Water Ombudsman Victoria
- Energy Ombudsman Tasmania
- Essential Services Commission of Victoria
- Independent Competition and Regulatory Commission of the ACT
- National Competition Council
- Office of the Tasmanian Economic Regulator

These MOUs set out principles to promote communication, coordination and information sharing between the AEMC and the other market bodies and jurisdictional regulators to contribute to the efficiency and effectiveness of energy markets and regulation in the long-term interests of consumers.

## Corporate responsibility

AEMC Commissioners are appointed by Australia's state, territory and federal governments to make the rules under the national energy laws, and to advise governments on overall energy market development. A two-thirds majority of the ministerial forum of energy ministers is required to confirm a new Commissioner appointment. The Commissioners are supported by the AEMC's executive leadership team and staff. Together they discharge rule making and market development roles in line with the AEMC's code of conduct which requires AEMC staff to act with fairness, honesty, impartiality and integrity in all our dealings.

## Key performance indicators

The AEMC's statement of intent sets out how the AEMC will meet the ministerial forum of energy ministers' expectations through the AEMC's strategic priorities and work program. It also sets out the AEMC's deliverables and performance indicators to measure its performance in meeting those expectations. Our KPIs cover these areas:

- organisational development and budget management
- progress on the work program
- engagement with stakeholders

## Performance

This year the AEMC completed 48 rule changes and initiated 35 new rule change requests, 70 per cent of which were initiated within the target timeframe of four months. Sixty-three per cent of rule changes were completed without extension after initiation. Our staff turnover remained within the target range at 19 per cent, and our directors, executive general managers, Chief Executive and Commissioners participated in more than 1200 stakeholder meetings. We completed 22 reviews/advice this year, with a further six underway at 30 June 2020. We completed 78 per cent of the reviews within the original specified timeframe. Changes in scope and the requirement to coordinate with other work underway affected the timing of the *Electricity network economic regulatory framework review 2019* and *Generator compliance template review – 2019*, but stakeholders were kept informed about the reasons for amended timelines.

Our ongoing survey of stakeholder feedback on our consultation processes for individual rule and review projects continued throughout the year. This survey program started in 2014-2015 and is focussed on our striving for continual improvement.

We initiated surveys for twenty-five per cent of completed projects in which we asked stakeholders to provide feedback and recommendations on our consultation processes. Eighty-three per cent of stakeholders rated our project consultation process as seven or higher (out of 10), which is a significant improvement from the sixty-nine per cent who provided a rating of 7 or higher in 2018-2019.

### The Commission and executive leadership team

The AEMC's Commissioners exercise their statutory rule making and market development functions, subject to some delegations as explained below. Most of the functions relating to the management and day-to-day running of the organisation are the responsibility of the Chief Executive and the executive leadership team.

The Commission retains the majority of the statutory rule making powers and market development functions, and is also responsible for the AEMC's strategic direction.

In April 2019 the Commission approved changes to its Instrument of Delegated Authority to provide:

- a new mechanism for the Commission to delegate statutory decision-making to a sub-committee made up of at least two Commissioners
- for the delegation of decisions on all rule change projects which are requests for non-controversial rules (as defined in the National Energy Laws) to an executive leadership team (ELT) sub-committee
- for the continuation of the mechanism for the Commission to delegate statutory decision-making to an ELT sub-committee (for projects that are not "automatically" delegated to an ELT sub-committee)

The decision to allow for new decision-making models reflects the Commission's commitment to the AEMC undertaking its large work program as effectively and efficiently as possible given our limited resources and statutory timeframes.

Operation of Commission Sub-Committees commenced from 4 June 2019 and Commissioner attendance at Sub-Committee meetings is now recorded alongside statutory and organisational meeting attendance in the table on page 47.

The Chief Executive and executive leadership team also have delegations in relation to some statutory decisions, including initiation of rule changes, and a range of other operational matters, including the employment of staff and engagement of consultants.

The Commissioners review the corporate governance framework of the organisation, overseeing the development of the AEMC's priority areas and business planning, and approving corporate development initiatives as proposed by the Chief Executive with the executive leadership team. The Commission holds monthly organisational meetings to review operational matters.

In terms of risk management and reporting, the Commissioners review the AEMC's budget, monitor its financial performance, and consider and approve the annual financial statements.

This year the AEMC completed 48 rule changes and initiated 35 new rule change requests, 70 per cent of which were initiated within the target timeframe of four months.

## Statement of Intent key performance indicators

Area	Measure	2017-2018	2018-2019	2019-2020
<b>Organisation</b>				
<b>Budget management</b>	Annual expenditure is within +/-% of initial budget	0.2%	-12.6%	-8.7%
<b>Staff management</b>	Staff turnover, on average, of between 10% and 20% per year (to reflect proactive management of underperformance and retention of key staff)	16%	19%	18.6%
<b>Staff development</b>	100% of staff have objectives and personal development plans which are reviewed annually	100%	94%	100%
<b>Effective governance</b>	Annual management review of risk assessment framework and implementation of appropriate internal audit work program	Completed	Completed	Completed. As a result of appointing a new internal audit service provider for FY2020-2021, the AEMC's three-yearly Business Risk Assessment was still in progress as at 1 July 2020.
<b>Work program</b>				
<b>Rule requests</b>	75% of requests initiated within four months of receipt 100% of rule changes made within statutory timelines (including where extensions are requested)	86% 97%	79% 100%	70% 100%
<b>Rule change extensions</b>	Proportion of rule changes processes that are extended	30%	6%	37%
<b>Rule change challenges</b>	0% of rule change challenges are upheld	No challenges	No challenges	No challenges
<b>Market reviews and advice</b>	85% of reviews completed within original Terms of Reference timelines	80%	60%	78%
<b>Efficient resource use</b>	Proportion of FTE and total budget spend on rulemaking, reviews and advice	FTE: 83% Total budget: 76%	FTE: 85% Total budget: 78%	FTE: 88% Total budget: 82%

Area	Measure	2017-2018	2018-2019	2019-2020
<b>Stakeholder engagement</b>				
<b>Energy Ministers and jurisdictions engagement</b>	Number of formal meetings attended by Commissioners and/or staff with Energy Ministers and/or jurisdictional leads	247	310	358
<b>Commissioner forums</b>	Number of consumers and industry forums attended by Commissioners	21	29	23
<b>Staff-led forums</b>	Number of consumer and industry forums attended by AEMC executive general managers	38	21	28
<b>Institutional cooperation</b>	Number of meetings between Commissioners and AEMO and AER leadership	57	48	59
<b>Stakeholder satisfaction survey (every three years)</b>	At least 7 out of 10 stakeholders satisfied with the AEMC's performance – giving a score of 7 or more out of 10	Survey due 2019	68% compared with 70% in FY16	Survey due 2022
<b>Consultation process surveys</b>	Develop project-specific stakeholder satisfaction surveys and ensure at least 25% of projects initiate survey upon project completion	29% of completed projects	30% of completed projects	25% of completed projects

## Commission statutory and governance meetings 2019-2020

Commissioner	Current term	Statutory Commission meetings		Statutory Commission Sub-Committee meetings	Organisational meetings	
		Eligible	Attended	Attended	Eligible	Attended
John Pierce	2 June 2015 to 3 July 2020	47	43	1	12	10
Charles Popple	17 February 2018 to 16 February 2023	47	44	4	12	12
Michelle Shepherd	11 June 2018 to 10 June 2021	47	47	11	12	11
Allison Warburton	12 March 2018 to 11 March 2022	47	44	7	12	12
Merryn York	25 August 2019 to 24 August 2024	41	39	2	10	10

### Conflicts of interest

Under Section 22 of the *Australian Energy Market Commission Establishment Act 2004 (SA)*, Commissioners must disclose any direct or indirect conflicts of interest in any matter the AEMC is considering.

These disclosures are formally minuted and published on the AEMC website. The following declarations of interest were made by Commissioners in 2019- 2020.

John Pierce AO was appointed in a full time capacity and does not consider that his commitments give rise to any conflicts that require management. John is currently a member of the UNSW Australian School of Business Advisory Council, and has been appointed as Adjunct Professor in the Office of the Pro Vice Chancellor (Business), Griffith University. He is also a board member of the Regulatory Policy Institute Advisory Board and the Department of Economics Industry Advisory Board at Macquarie University, and Adjunct Professor in the Office of the Pro Vice Chancellor (Business), Griffith University.

Charles Popple is appointed in a part time capacity and does not consider that he has any commitments that give rise to conflicts that require management.

Michelle Shepherd is appointed in a part time capacity and does not consider that she has any current commitments or interests that give rise to conflicts that require management.

Allison Warburton is appointed in a part time capacity and does not consider that she has any current commitments or interests that give rise to conflicts that require management.

Merryn York is appointed in a part time capacity and does not consider that she has any current commitments or interests that give rise to conflicts that require management. In August 2019,

Merryn declared a potential conflict of interest in relation to a previous role on the Energy Networks Australia board. The Commission subsequently agreed that she would not participate in decision-making for two rule change requests that were submitted by Energy Networks Australia while she was the Chief Executive of Powerlink – namely, the *Demand management incentive scheme and innovation allowance for TNSPs* and *Transparency of new projects* rule change requests.

### Audit and risk management

Risk management is a fundamental component of managing our operations. Our processes to identify, assess and manage risk include:

- Audit and Risk Management Committee monitoring of the overall risk management framework, financial reporting processes, processes for compliance, performance of auditors and oversight of the audit program
- a broad based risk assessment process which is used to develop a rolling three-year internal audit plan and to inform risk management activities
- a risk appetite statement which is shared with all AEMC staff
- the corporate planning processes which prioritise actions based on assessed risks
- the identification and management of compliance areas on a functional basis with legal support where necessary
- the project control framework which is used for all rule change and review projects. This includes the creation of a risk register, where relevant, and the active management of identified risks.

### Audit and Risk Management Committee

The AEMC's Audit and Risk Management Committee (ARMC) is comprised of:

- Jane Byrne – independent Chair
- David Pendleton – independent Committee member
- Allison Warburton – AEMC Commissioner and Committee member

Jane is a financial services professional with 30 years of experience at senior executive level in trusts, superannuation, wealth management, governance and risk management. She is currently a non-executive director of St Patrick's College Strathfield Advisory Board and Chair of the College's Risk Management Committee. She was Company Secretary of Pillar Administration, Australia's third largest superannuation fund administrator, for ten years and currently consults on governance and risk with PFS Consulting.

David is a financial services professional with over 30 years of experience in financial functions, audit, superannuation, governance and risk management. Most recently he was Chief Operating Officer and CFO at the Australian Broadcasting Corporation where he was responsible for all financial, operational and technical functions of the ABC. He is currently a non-executive director of The Helmsman Project and an Independent Member of the Wodonga City Council Audit Committee. Mr Pendleton was formerly a director of MediaHub Australia, the National DAB Licence Company and Symphony Australia.

Jim Mitchell stepped down as independent Chair of the ARMC in December 2019 and we thank him for his service.

## Commission Audit and Risk Management Committee membership and meetings 2019-2020

Members	Committee term	Eligible	Attended
Jane Byrne (independent Chair)	From 1 July 2015	6	6
David Pendleton	From 31 December 2019	3	3
Allison Warburton	From 23 April 2018	6	6
Jim Mitchell (former independent Chair)	1 July 2015 – 31 December 2019	3	3

Risk management is a fundamental component of managing our operations.

### Fraud prevention

Within our risk management framework, procedures are in place to help identify sources of potential fraud or corrupt practices, prevent occurrences, and investigate and take appropriate action on reported breaches. No instances of fraud were identified during the year under review.

### Business continuity

The objective of the AEMC's business continuity and disaster recovery plan is to ensure that business processes are robust and able to withstand minor business interruptions and to ensure the ongoing ability of the AEMC to continue its operations in the event of a major business interruption.

Please see page 40 for how we adapted our engagement processes in response to the COVID-19 pandemic, and page 42 for our approach to managing the risk of coronavirus in the workplace.

### Freedom of information

The AEMC is subject to the *Freedom of Information Act 1991* (SA). All documents we publish regarding our rule making, reviews, advice and all versions of the National Electricity Rules, National Gas Rules and National

Energy Retail Rules are on our website at [www.aemc.gov.au](http://www.aemc.gov.au). They can also be inspected at our offices. A request under the *Freedom of Information Act 1991* (SA) is not required to inspect them.

In 2019-2020, we received two freedom of information (FOI) requests under section 13 of the *Freedom of Information Act 1991* (SA).

The first was received on 2 October 2019 from an individual and was related to the *Northern Gas Pipeline – derogation from Part 23* rule change (GRC0047). The AEMC produced documents in response in December 2019. Certain information was not provided on the basis that it was either personal information or confidential material.

The second was received on 23 December 2019 from Innogy Renewables Australia and was related to the *Transmission loss factors* rule change (ERC0251). After an extension of time, the AEMC produced documents in response in April 2020. Certain information was not provided on the basis that it was confidential material.

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# Rules and reviews



## Table A

### Electricity rules made by the AEMC in 2019–2020

Electricity rule made	Benefit/impact	
 <p><b>Monitoring and reporting on frequency control framework</b></p>	<p>This rule established ongoing reporting requirements for AEMO with respect to the frequency performance of the power system, and for the AER in relation to frequency control ancillary services (FCAS) market outcomes.</p> <p>The final rule improved the transparency and consistency of information provided to the market in relation to frequency performance and FCAS market outcomes, which will help market participants make better-informed decisions. This is especially important given the degradation of frequency performance in the NEM that is being observed.</p> <p>This rule change was part of the frequency control work plan, set out in the AEMC's <i>Frequency control frameworks review</i>.</p> <p><b>Next steps: The AER and AEMO published the first of the new reports required by this rule in November 2019 and January 2020 respectively.</b></p>	<p><b>Consolidation</b> Rule 2019 No. 6 (NER Version 132)</p> <p><b>Date made</b> 25 Jul 2019</p> <p><b>Commenced</b> 1 Jan 2020</p> <p><b>Proponent</b> AEMO, AER</p> <p><b>Category</b> Expedited</p>
	<p>The AEMC made this final rule to help implement five minute settlement and global settlement more effectively and efficiently.</p> <p>It amended nine areas of the National Electricity Rules to improve wholesale market operations under five minute settlement, clarify global settlement arrangements, and improve information provision requirements.</p> <p><b>Next steps: The final rule commences on 1 Oct 2021 for amendments to the NER relating to five minute settlement and 1 May 2022 for amendments that relate to global settlement, as a result of the rule made on 9 July 2020 which delayed implementation to account for the impacts of COVID-19 on industry preparedness.</b></p>	<p><b>Consolidation</b> Rule 2019 No. 7 (Schedules 1 and 6 – NER Version 124 and NT NER Version 37; Schedules 2 to 5 will be consolidated in new versions of the NER and NT NER on commencement)</p> <p><b>Date made</b> 8 Aug 2019</p> <p><b>Commenced</b> 12 Aug 2019; 1 Jul 2021; 6 Feb 2022</p> <p><b>Proponent</b> AEMO</p> <p><b>Category</b> Expedited</p>
 <p><b>Five minute settlement and global settlement implementation amendments</b></p>	<p>This final rule will give developers better and more up-to-date information about what new generation projects are in the pipeline.</p> <p>Currently, as part of the grid connection process, developers provide transmission network businesses with key project information such as the type of generator proposed, the technology it uses, the maximum power it can generate, and the project's timing.</p> <p>The final rule requires transmission businesses to share this information with AEMO. This will enable AEMO to publish more detailed, up-to-date data on proposed and existing generators.</p> <p>This may help businesses make better investment decisions on where to locate new generators and assess project viability.</p> <p><b>Next steps: AEMO has created a generation information page and published interim generation information guidelines.</b></p>	<p><b>Consolidation</b> Rule 2019 No. 8 (Schedule 1 – NER Version 130 and NT NER Version 42; Schedules 2 and 3 – NER Version 128 and NT NER Version 40; Schedule 4 – NER Version 126 and NT NER Version 38)</p> <p><b>Date made</b> 24 Oct 2019</p> <p><b>Commenced</b> 7 Nov 2019; 1 Dec 2019; 19 Dec 2019</p> <p><b>Proponent</b> Australian Energy Council, Energy Networks Australia, AEMO</p> <p><b>Category</b> Standard</p>
 <p><b>Transparency of new projects</b></p>		

## Table A

### Electricity rules made by the AEMC in 2019–2020

Electricity rule made	Benefit/impact	
 <p>Minor changes 2019</p>	<p>Minor rule changes are made annually, or as needed, to correct minor errors and make non-material changes to the rules.</p> <p>They improve the quality of the rules in terms of accuracy and consistency.</p>	<p><b>Consolidation</b> Rule 2019 No. 9 (NER Version 127 and NT NER Version 39)</p> <p><b>Date made</b> 21 Nov 2019</p> <p><b>Commenced</b> 21 Nov 2019</p> <p><b>Proponent</b> AEMC</p> <p><b>Category</b> Expedited</p>
 <p>Demand management incentive scheme and innovation allowance for TNSPs</p>	<p>The AEMC has made a rule to allow transmission network service providers to apply for a demand management innovation allowance.</p> <p>This will provide funding for transmission businesses to expand and share their knowledge of innovative demand management projects that have the potential to reduce long term network costs – which would ultimately flow through to consumers in the form of lower electricity bills.</p> <p><b>Next steps: The AER will develop a guideline to implement the scheme in time for the next round of network revenue proposals, including the process and criteria for applying the innovation allowance. It is expected that transmission businesses will publish reports on the results of their demand management projects – encouraging knowledge sharing of innovative non-network solutions.</b></p>	<p><b>Consolidation</b> Rule 2019 No. 10 (NER Version 129 and NT NER Version 41)</p> <p><b>Date made</b> 5 Dec 2019</p> <p><b>Commenced</b> 12 Dec 2019</p> <p><b>Proponent</b> Energy Networks Australia</p> <p><b>Category</b> Standard</p>
 <p>Application of the regional reference node test to the reliability and emergency reserve trader</p>	<p>This rule is the first in a package of three final rules related to the intervention pricing and compensation frameworks that are triggered when AEMO intervenes in the market.</p> <p>This rule clarifies when intervention pricing should apply. This includes removing the use of intervention pricing for interventions to obtain services not traded in the market, such as system strength and voltage control.</p>	<p><b>Consolidation</b> Rule 2019 No. 11 (Schedule 1 – NER Version 131 and NT NER Version 43; Schedule 3 – NER Version 130 and NT NER 42; Schedule 2 to be consolidated in new versions of the NER and NT NER on commencement)</p> <p><b>Date made</b> 19 Dec 2019</p> <p><b>Commenced</b> 19 Dec 2019; 20 Dec 2019; 1 Oct 2021</p> <p><b>Proponent</b> AEMO</p> <p><b>Category</b> Standard</p>

Electricity rule made	Benefit/impact	
 <p><b>Threshold for participant compensation following market intervention</b></p>	<p>This rule is the second in a package of three final rules related to the intervention pricing and compensation frameworks that are triggered when AEMO intervenes in the market.</p> <p>It changed the \$5,000 compensation threshold for directed and affected participants so it applies per event rather than per trading interval.</p>	<p><b>Consolidation</b> Rule 2019 No. 12 (NER Version 131 and NT NER Version 43)</p> <p><b>Date made</b> 19 Dec 2019</p> <p><b>Commenced</b> 20 Dec 2019</p> <p><b>Proponent</b> AEMO</p> <p><b>Category</b> Standard</p>
 <p><b>Application of compensation in relation to AEMO interventions</b></p>	<p>This rule is the third in a package of three final rules related to the intervention pricing and compensation frameworks that are triggered when AEMO intervenes in the market. It was based on a recommendation in the AEMC's <i>Investigation into intervention mechanisms in the NEM</i>.</p> <p>Under this rule affected participant compensation is no longer payable in connection with interventions which do not trigger intervention pricing, for example system strength directions.</p> <p>Together, these three rules will increase clarity and consistency, reduce market distortion and costs to consumers, and strike a better balance between the interests of market participants and consumers.</p> <p>The AEMC published all three rules together to facilitate a streamlined approach to implementation.</p>	<p><b>Consolidation</b> Rule 2019 No. 13 (Schedule 1 – NER Version 131 and NT NER Version 43; Schedule 2 to be consolidated in new versions of the NER and NT NER on commencement)</p> <p><b>Date made</b> 19 Dec 2019</p> <p><b>Commenced</b> 20 Dec 2019; 1 Oct 2021</p> <p><b>Proponent</b> AEMO</p> <p><b>Category</b> Expedited</p>
 <p><b>Reducing customers' switching times</b></p>	<p>The AEMC has made a rule which will lead to shorter switching times for people who want to change their energy retailer.</p> <p>This is part of a wider AEMC-AEMO joint work program to simplify and improve the customer switching process and follows the joint advice provided by the AEMC and AEMO to the COAG Energy Council in December 2018.</p> <p>The new rule provides flexibility to AEMO and industry to update their processes so customers can be transferred from one retailer to another retailer in two days – regardless of the type of meter they may have. This will provide customers with faster access to the prices and products they want.</p> <p><b>Next steps: AEMO published its final report and determination on NEM Customer Switching in March 2020.</b></p>	<p><b>Consolidation</b> Rule 2019 No. 14 (NER Version 130 and NT NER 42)</p> <p><b>Date made</b> 19 Dec 2019</p> <p><b>Commenced</b> 19 Dec 2019</p> <p><b>Proponent</b> AEMO</p> <p><b>Category</b> Standard</p>

## Table A

### Electricity rules made by the AEMC in 2019–2020

Electricity rule made	Benefit/impact	
 <p>Improving transparency and extending duration of MT PASA</p>	<p>This new rule will give power system businesses more detailed information on whether or not electricity shortfalls are looming.</p> <p>Giving generators and demand response providers more information ahead of time about potential shortfalls and forecasted needs in the power system will help avoid blackouts as generators can better schedule their maintenance outside of peak times.</p> <p>The change also helps implement the national retailer reliability obligation (RRO) which has underpinned the reliability of the national electricity market since 1 July 2019. The RRO makes electricity retailers contract with generators or 'on demand' resources to cover projected supply shortfalls.</p> <p>The rule is part of the AEMC's system security and reliability action plan. It will result in AEMO procuring emergency reserves more effectively and give energy suppliers the information they need to get on with the job. All of this helps lower the costs consumers see on their energy bill and this remains a key focus for the AEMC.</p> <p><b>Next steps: AEMO will publish scheduled generating unit availability from 20 August 2020.</b></p>	<p><b>Consolidation</b> Rule 2020 No. 1 (Schedule 1 – NER Version 139; Schedule 3 – NER Version 133 and NT NER Version 44; Schedule 2 to be consolidated in a new version of the NER on commencement)</p> <p><b>Date made</b> 20 Feb 2020</p> <p><b>Commenced</b> 5 Mar 2020; 20 May 2020; 20 Aug 2020</p> <p><b>Proponent</b> ERM Power</p> <p><b>Category</b> Standard</p>
 <p>Transmission loss factors</p>	<p>The physics of the electricity network mean that when you transport electricity across poles and wires, some of it is lost as heat. Marginal Loss Factors (MLFs) are a method of calculating and putting a price on these losses. They are calculated annually by AEMO and can financially affect generators depending on where they are located in the grid.</p> <p>This final rule backs a consumer-focussed approach to the way electricity losses are calculated in the national electricity market.</p> <p>The AEMC conducted extra analysis and modelling which determined that averaging losses out by using the 'average loss factor' (ALF) calculation method would shift the costs of losses onto both consumers and generators who are located where losses are lower.</p> <p>The final rule gives AEMO more flexibility around the way it calculates MLFs.</p> <p>These changes support AEMO's work to improve the transparency and predictability of loss factors. Together, these changes are in the long-term interest of consumers as they will enable better, more informed decision-making for prospective investors in generation assets.</p> <p>The rule request submitted by Adani Renewables also sought to change the way intra-regional settlement residues (IRSRS) are allocated. Our final determination maintained the existing framework for allocating the IRSR because the proposed changes may have resulted in less efficient operation of the market and less efficient investment over the long term.</p>	<p><b>Consolidation</b> Rule 2020 No. 2 (Schedules 1 and 3 – NER Version 133 and NT NER Version 44; Schedule 2 to be consolidated in new versions of the NER and NT NER on commencement)</p> <p><b>Date made</b> 27 Feb 2020</p> <p><b>Commenced</b> 5 Mar 2020; 1 Oct 2021</p> <p><b>Proponent</b> Adani Renewables</p> <p><b>Category</b> Standard</p>

## Electricity rule made

## Benefit/impact


 Minor changes  
2020

Minor rule changes are made annually, or as needed, to correct minor errors and make non-material changes to the rules.

They improve the quality of the rules in terms of accuracy and consistency.

**Consolidation** Rule 2020 No. 3 (Schedule 1 – NER Version 135 and NT NER Version 46; Schedule 2 to be consolidated in new versions of the NER and NT NER on commencement)

**Date made** 12 Mar 2020

**Commenced** 19 Mar 2020;  
6 Feb 2022

**Proponent** AEMC

**Category** Expedited


 Victorian jurisdictional  
derogation  
– RERT  
contracting

In response to challenging reliability issues facing Victoria in the short to medium term the AEMC has made a new state-specific rule allowing AEMO to enter into multi-year electricity contracts under the reliability and emergency reserve trader (RERT) mechanism for a limited period of time.

The special arrangement was requested by Victoria's Minister for Energy, Environment and Climate Change, the Hon Lily D'Ambrosio.

It was made in response to the current challenging circumstances Victoria is facing as a result of its specific generation profile, while addressing consumer group concerns that these longer contracts are only used where they would mean lower costs for households and businesses.

To reinforce protections for consumers, the final rule contains a number of checks and balances to address the risk that the introduction of multi-year contracting could see unnecessary volumes of emergency reserves procured which would be passed onto consumers in Victoria.

**Next steps: The Energy Security Board and market bodies are providing advice to the COAG Energy Council on immediate measures to ensure reliability and security of the power system across the national electricity market as a whole, and are investigating a two-sided market where less generation would be needed in a market with higher levels of consumer participation and responsiveness.**

**Consolidation** Rule 2020 No. 4 (Schedule 1 – NER Version 138 and NT NER Version 49; Schedule 2 – NER Version 134 and NT NER Version 45)

**Date made** 12 Mar 2020

**Commenced** 12 Mar 2020;  
16 Apr 2020

**Proponent** Victorian Minister for Energy, Environment and Climate Change

**Category** Standard

## Table A

### Electricity rules made by the AEMC in 2019–2020

Electricity rule made	Benefit/impact	
 <p><b>Mandatory primary frequency response</b></p>	<p>This new rule will deal with significant disturbances in power system frequency and keep the system stable and secure, addressing the immediate need for improved frequency control which was identified by AEMO.</p> <p>The rule has introduced a mandatory obligation for generators in the national electricity market to help control system frequency by responding automatically to changes in it.</p> <p>It will be in place for three years while the ESB and the market bodies work to develop payment mechanisms to incentivise industry to provide frequency control.</p> <p>The new mechanisms will encourage investment and innovation by rewarding businesses such as utility-scale batteries that can provide fast frequency response.</p> <p><b>Next steps: AEMO will develop and publish the performance parameters that generators must meet when operating their equipment in line with the primary frequency response requirement.</b></p>	<p><b>Consolidation</b> Rule 2020 No. 5 (Schedule 1 – NER Version 51 and NT NER Version 141 Schedule 3 – NER Version 136 and NT NER Version 47; Schedule 2 to be consolidated in new versions of the NER and NT NER on commencement)</p> <p><b>Date made</b> 26 Mar 2020</p> <p><b>Commenced</b> 26 Mar 2020; 4 Jun 2020; 4 Jun 2023</p> <p><b>Proponent</b> AEMO, Dr Peter Sokolowski</p> <p><b>Category</b> Standard</p>
 <p><b>System restart services, standards and testing</b></p>	<p>This rule will make it easier to prepare for and respond to major supply disruptions or black system events.</p> <p>The changes include expanding the type of technologies that can provide system restart ancillary services (SRAS) after a major blackout and clarifying the processes for testing restart paths along the network. They will mean that AEMO, transmission network service providers and others involved in resolving blackouts can operate more effectively to restore the power system.</p> <p>The rule change is critical to managing system security concerns and is particularly relevant given the extra pressures the energy sector is facing as the nation responds to the COVID-19 pandemic.</p> <p><b>Next steps: The rule change requires AEMO to amend the SRAS Guideline by 2 November 2020. AEMO's next SRAS contract procurement process in late 2020 will be subject to the changes under the final rule.</b></p>	<p><b>Consolidation</b> Rule 2020 No. 6 (Schedule 2 – NER Version 137 and NT NER Version 48; Schedule 1 to be consolidated in new versions of the NER and NT NER on commencement)</p> <p><b>Date made</b> 2 Apr 2020</p> <p><b>Commenced</b> 2 Apr 2020; 2 Nov 2020</p> <p><b>Proponent</b> AEMO, AER</p> <p><b>Category</b> Standard</p>

## Electricity rule made

## Benefit/impact



Introduction of metering coordinator planned interruptions

The AEMC has made a rule to provide customers impacted by shared fusing arrangements with certainty of meter installation timeframes.

Shared fusing is when customers in separate premises share electricity connections, for example in some apartment blocks.

If a customer's supply cannot be interrupted without interrupting supply to one or more other customers, then previous metering installation timeframes did not apply – potentially leaving customers without a new installation or service for an undefined time.

To address this gap, this final rule introduced new timeframes for meter installations where a customer shares fusing.

The final rule will improve access to new metering services for customers with shared fuses, while also reducing future adverse outcomes by requiring site information be recorded under metrology procedures.

**Consolidation** Rule 2020 No. 7 (Schedule 3 – NER Version 140 and NT NER Version 50; Schedules 1 and 2 to be consolidated in new versions of the NER and NT NER on commencement)

**Date made** 21 May 2020

**Commenced** 28 May 2020;  
21 Jul 2020;  
1 Jul 2021

**Proponent** Chair of the Competition Metering Industry Group (CMIG), a sub-branch of Master Electricians Australia

**Category** Standard

**Consolidation** Rule 2020 No. 8 (NER Version 141 and NT NER Version 51)

**Date made** 28 May 2020

**Commenced** 4 Jun 2020

**Proponent** AEMC

**Category** Expedited



Minor changes 2 2020

Minor rule changes are made annually, or as needed, to correct minor errors and make non-material changes to the rules.

They improve the quality of the rules in terms of accuracy and consistency.

## Table A

### Electricity rules made by the AEMC in 2019–2020

Electricity rule made	Benefit/impact		
 <p>The AEMC has made a final rule which will help manage security and reliability issues ahead of the 2021-2022 summer.</p> <p>A new wholesale demand response mechanism encourages large customers to reduce their electricity consumption in the short-term in response to wholesale market price signals.</p> <p>It works by scheduling this demand into the market in the same way an electricity generator's supply would be scheduled in. This new way of operating recognises that not using electricity should routinely attract a market value and creates another tool to help balance energy supply and demand.</p> <p>Wholesale demand response is potentially a much more affordable way to ensure a secure and reliable energy supply than other sources of peaking generation such as gas or pumped hydro. It can be used to address sudden drops in supply or spikes in demand.</p> <p>It is also important because it is a stepping-stone to Australia achieving a two-sided energy market – where all consumers (large and small) would be able to fully participate by actively trading their energy use as a valuable commodity. This means the grid will eventually see much greater benefit from the distributed energy resources used by households, such as solar panels, batteries and electric vehicles.</p> <p><b>Next steps: The final rule will take effect in October 2021. The Energy Security Board and the three market bodies are working on a two-sided market design as part of the Energy Security Board's post 2025 market reforms.</b></p>		<b>Consolidation</b>	Rule 2020 No. 9 (Schedule 6 – NER Version 142 and NT NER Version 52; Schedules 1–5 to be consolidated in new versions of the NER and NT NER on commencement)
		<b>Date made</b>	11 Jun 2020
		<b>Commenced</b>	18 Jun 2020; 31 Mar 2021; 24 Oct 2021
		<b>Proponent</b>	Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute, Australian Energy Council, South Australian Minister for Mines and Energy
		<b>Category</b>	Standard

## Table B

### Determinations to not make a rule in response to an electricity rule request

Electricity rule request	Reasons							
 <p>Market making arrangements in the NEM</p>	<p>Market making arrangements aim to increase the opportunities for market participants to trade in electricity hedge contracts and to have greater visibility of wholesale contract prices. They can be voluntary or compulsory.</p> <p>The AEMC has decided not to make a rule introducing additional market making schemes in the national electricity market because liquidity is generally healthy and a number of initiatives are already underway that should increase contract market liquidity.</p> <p>The AEMC found that additional market making arrangements beyond the ASX's voluntary market making scheme and the market liquidity obligation (MLO), which is part of the Retailer Reliability Obligation, would ultimately add costs for consumers while being unlikely to provide any additional benefits.</p> <p>The final determination did propose a range of initiatives to improve transparency in the electricity contract market. These would improve price discovery for those seeking to buy and sell hedge contracts, and also make it easier for regulators to assess market performance including liquidity.</p> <p><b>Next steps: The Commission and the AER are working with AFMA on potential improvements to the voluntary AFMA survey of exchange traded and over-the-counter (OTC) electricity derivative turnover activity. In the event that AFMA is unable to provide the threshold improvements in information that the Commission identified in the final determination for the market making rule change, the Commission will work with the AER on alternative approaches to address information gaps in the OTC market.</b></p>	<table border="1"> <tr> <td><b>Determination date</b></td> <td>19 Sep 2019</td> </tr> <tr> <td><b>Proponent</b></td> <td>ENGIE</td> </tr> <tr> <td><b>Category</b></td> <td>Standard</td> </tr> </table>	<b>Determination date</b>	19 Sep 2019	<b>Proponent</b>	ENGIE	<b>Category</b>	Standard
	<b>Determination date</b>	19 Sep 2019						
	<b>Proponent</b>	ENGIE						
	<b>Category</b>	Standard						
 <p>Short term forward market</p>	<p>The AEMC decided not to introduce a market for short term financial derivatives where participants could hedge their position in the week leading up to dispatch.</p> <p>This decision rested on the existing market mechanisms that enable hedging to occur, and extensive stakeholder consultation found very limited demand by industry for short term hedging products.</p> <p>We also determined that a short term forward market would not help improve reliability or security because it would not incentivise longer term decisions to invest in new generation or demand response services, and because participation would be voluntary.</p>	<table border="1"> <tr> <td><b>Determination date</b></td> <td>5 Mar 2020</td> </tr> <tr> <td><b>Proponent</b></td> <td>AEMO</td> </tr> <tr> <td><b>Category</b></td> <td>Standard</td> </tr> </table>	<b>Determination date</b>	5 Mar 2020	<b>Proponent</b>	AEMO	<b>Category</b>	Standard
	<b>Determination date</b>	5 Mar 2020						
	<b>Proponent</b>	AEMO						
<b>Category</b>	Standard							

## Table C

### Electricity rules under consideration at 30 June 2020

Electricity rule request	Status at 30 June 2020	Proponent	Initiated	Category
 <p><b>Primary frequency response incentive arrangements</b></p>	<p>Stable frequency is an important part of maintaining a secure power system. Frequency varies whenever electricity supply does not exactly match consumer demand and uncontrolled changes in frequency can cause blackouts.</p> <p>The AEMC's <i>Frequency control frameworks</i> review highlighted several issues with the existing market and regulatory arrangements for frequency control, and included a collaborative work plan that set out a series of actions that would be progressed by the AEMC, AEMO and the AER to address issues related to frequency control in the national electricity market over the short, medium and long term.</p> <p>This rule change request relates to this work plan.</p> <p>The issues raised in the rule change request relate to the incentive arrangements in the NEM for the provision of primary frequency response during normal operations.</p> <p>The AEMC is working with stakeholders, AEMO, the ESB and the AER on consideration of arrangements for the allocation of costs associated with regulation services and the potential development of additional complementary measures to effectively remunerate providers of primary frequency response, with arrangements being put in place ahead of the sunset for the mandatory primary frequency response arrangements.</p> <p><b>Next steps: On 2 July 2020 we published a joint consultation paper on the system services rule changes, which also included an update on this project.</b></p>	AEMO	19 Sep 2019	Standard
 <p><b>Connection to dedicated connection assets</b></p>	<p>A dedicated connection asset (DCA) is a privately owned and operated asset – such as a power line – that connects market participants with the shared transmission network at a single connection point.</p> <p>Under the National Electricity Rules only one market participant can be financially responsible for any given connection point. However, multiple generators and/or large energy users can use the DCA to connect their facilities to the shared network.</p> <p>This rule change request seeks to clarify the framework around these transmission connections in relation to registration requirements, performance standards, issues around metering and settlement, and the calculation of transmission loss factors.</p> <p>We published a consultation paper in March 2020 and received 17 stakeholder submissions.</p> <p><b>Next steps: A draft determination is due to be published in November 2020.</b></p>	AEMO	5 Mar 2020	Standard

## Electricity rule request **Status at 30 June 2020**

Delayed implementation of five minute and global settlement

The AEMC is conducting an independent assessment of whether postponing five-minute settlement will help or hinder energy businesses manage financially during COVID-19.

Regardless of the decision on timing, five-minute settlement remains a critical market reform. It will go ahead and indefinite delays are not on the table for consideration.

AEMO has proposed a 12 month delay in the start date in response to the potential impact of COVID-19 on the energy industry. The market operator suggests it would free up both human and financial resources which would be under strain during this period, ensuring the ongoing supply of energy and appropriate customer support.

The AEMC is treating this rule change as urgent due to the potential for COVID-19 to cause financial stress for retailers and financial contagion in the energy sector. We also understand discussions on changing the timing around reform causes uncertainty for industry.

The AEMC published a consultation paper on 14 May 2020, held a stakeholder briefing in May 2020 and has continued to consult with stakeholders throughout May and June.

**Next steps: We published a final determination on 9 July 2020 which gave energy businesses an extra three months to get ready for the change to five minute settlement – now set for October 2021.**

<b>Proponent</b>	AEMO
<b>Initiated</b>	14 May 2020
<b>Category</b>	Expedited

Removal of intervention hierarchy

We initiated this rule change request under the fast-tracked process because stakeholder feedback on the issues was initially sought and received in 2019 as part of the AEMC's *Investigation into intervention mechanisms in the NEM*.

In June 2020 we published a draft determination and draft rule to require AEMO to minimise costs to consumers when it is necessary to intervene in the electricity market.

The AEMC considers existing requirements that preference the use of the reliability and emergency reserve trader, and preclude lower cost and more effective options for intervention, can in some circumstances lead to higher costs for consumers.

The draft determination removes this requirement and replaces it with a principle that AEMO must use reasonable endeavours to select effective intervention mechanisms that minimise direct and indirect costs. This will improve AEMO's ability to manage the power system efficiently and flexibly, lowering costs to consumers.

**Next steps: We are awaiting submissions on the draft determination. The final determination is scheduled for publication in September 2020.**

<b>Proponent</b>	AEMO
<b>Initiated</b>	28 May 2020
<b>Category</b>	Fast-tracked

## Table C

### Electricity rules under consideration at 30 June 2020

Electricity rule request	Status at 30 June 2020	Proponent	Initiated	Category
 <p><b>Deferral of network charges</b></p>	<p>The AEMC is considering an urgent request from the AER so consumers can have certainty about their power during COVID-19.</p> <p>The AER is concerned that the way electricity is supplied to households and businesses is under threat because of the risk of a large-scale, cascading retail failure or 'financial contagion' in the national electricity market.</p> <p>Network charges make up more than 40 per cent of the average retail bill, so deferring them for hardship and payment plan customers will mean smaller retailers can better manage cash flow stress from growing numbers of people who can't pay their bills.</p> <p>On 28 May 2020 we started the consultation process on the AER's proposal for electricity network businesses to share more of the COVID-19 burden by putting some network charges on hold for six months for retailers with pandemic-affected customers.</p> <p>We held a virtual stakeholder briefing on 1 June, and received 26 submissions to the consultation paper.</p> <p>Shortly after the close of the year in review we published a directions paper seeking stakeholder feedback on the best way to put a deferral of network charges scheme into practice.</p> <p><b>Next steps: A final determination providing for a deferral of network payments was made on 6 August 2020.</b></p>	AER	28 May 2020	Expedited
 <p><b>Changes to intervention mechanisms</b></p>	<p>There has been a significant increase in AEMO's use of intervention mechanisms such as the RERT, directions and instructions over the last three years, primarily in response to system security issues such as inadequate system strength in South Australia.</p> <p>This draft rule amends the National Energy Rules to reduce costs to consumers while maintaining efficient price signals and incentives for investors when AEMO intervenes in the market.</p> <p>AEMO's rule change request has been fast-tracked as it arose from recommendations in the AEMC's 2019 <i>Investigation into intervention mechanisms in the NEM</i> and stakeholders have already provided initial feedback during the review process.</p> <p><b>Next steps: The final determination is due to be published in September 2020.</b></p>	AEMO	28 May 2020	Fast-tracked

## Electricity rule request **Status at 30 June 2020**

### Compensation for market participants affected by intervention events

When AEMO intervenes in the market by dispatching the RERT or issuing a direction, it is required to pay compensation to those participants directed to provide services, and to those participants dispatched differently as a result of the intervention who are known as affected participants.

Currently, these participants are eligible for compensation in relation to energy related losses but not losses related to market ancillary services.

This rule change request was initiated in June 2020. It proposes to allow compensation for participants who incur losses related to market ancillary services.

**Next steps: A draft determination is due to be published in September 2020.**

<b>Proponent</b>	AEMO
<b>Initiated</b>	11 Jun 2020
<b>Category</b>	Standard

### Compensation following directions for services other than energy and market ancillary services

This rule change relates to compensation following directions for services other than energy and market ancillary services in the National Electricity Rules.

For example, 'other services' may include a direction for a generator to remain in service as a synchronous condenser to provide voltage support, or a direction for a battery to maintain a specified state of charge.

The rule change request from AEMO proposes improving administrative efficiency via a one-step process to determine compensation for participants directed to provide other services.

The consideration of this rule change request is part of a wider AEMC work program updating frameworks for interventions in the NEM.

**Next steps: A draft determination is due to be published in September 2020.**

<b>Proponent</b>	AEMO
<b>Initiated</b>	11 Jun 2020
<b>Category</b>	Standard

### Technical standards for distributed energy resources

The AEMC is investigating how small energy systems like rooftop solar can best contribute to Australia's renewable energy future without risking system security.

This rule change request proposes to set minimum standards that will apply to all new connected rooftop solar systems, household and business battery systems, and electric vehicles, that deliver power to the grid.

The AEMC is working with 12 other bodies in a coordinated program of work to support Australia's evolution toward a distributed energy system that is secure, reliable, resilient, affordable and efficiently integrates and uses customers' energy resources to benefit all energy users.

**Next steps: A draft determination is due to be published in October 2020.**

<b>Proponent</b>	AEMO
<b>Initiated</b>	25 Jun 2020
<b>Category</b>	Standard

## Table D

### Retail rules made by the AEMC in 2019–2020

Retail rule made	Benefit/impact	
 <p>Minor changes 2019 (retail)</p>	See Table A	<p><b>Consolidation</b> Rule 2019 No. 1 (Schedule 1 – NERR Version 20; Schedules 2 and 3 Version 18)</p> <p><b>Date made</b> 21 Nov 2019</p> <p><b>Commenced</b> 21 Nov 2019; 19 Mar 2020</p> <p><b>Proponent</b> AEMC</p> <p><b>Category</b> Expedited</p>
 <p>Regulating conditional discounting</p>	<p>This new rule will require energy retailers to scale back the large financial penalties they currently charge consumers who pay their bills late.</p> <p>Regulating the practice of ‘conditional discounting’ is designed to protect consumers with pay on time conditions in their energy contracts. This has been a common feature of energy market offers available to customers, but can lead to excessive charges and financial hardship for those who can least afford to pay.</p> <p>The rule change request was proposed by the Federal Minister for Energy and Emissions Reduction Angus Taylor and received support from consumer groups who said that despite new advertising restrictions, many consumers would continue to overestimate their ability to obtain conditional discounts</p> <p><b>Next steps: The new rule applies to gas and electricity contracts signed from 1 July 2020 so consumers don’t have to change their existing contracts and can keep discounts they have already signed up for with retailers if they choose to.</b></p>	<p><b>Consolidation</b> Rule 2020 No. 1 (This rule will be consolidated in a new version of the NERR on commencement)</p> <p><b>Date made</b> 27 Feb 2020</p> <p><b>Commenced</b> 1 Jul 2020</p> <p><b>Proponent</b> Federal Minister for Energy</p> <p><b>Category</b> Standard</p>
 <p>Reducing customers' switching times (retail)</p>	See Table A	<p><b>Consolidation</b> Rule 2019 No. 2 (NERR Version 19)</p> <p><b>Date made</b> 19 Dec 2019</p> <p><b>Commenced</b> 19 Dec 2020</p> <p><b>Proponent</b> AEMO</p> <p><b>Category</b> Standard</p>
 <p>Minor changes 2020 (retail)</p>	See Table A	<p><b>Consolidation</b> Rule 2020 No. 2 (NERR Version 20)</p> <p><b>Date made</b> 12 Mar 2020</p> <p><b>Commenced</b> 19 Mar 2020</p> <p><b>Proponent</b> AEMC</p> <p><b>Category</b> Expedited</p>

Retail rule made	Benefit/impact	
 <p>Introduction of metering coordinator planned interruptions</p>	See Table A	<b>Consolidation</b> Rule 2020 No. 3 (Schedule 3 – NERR Version 21; Schedules 1 and 2 to be consolidated in a new version of the NERR on commencement)
		<b>Date made</b> 21 May 2020
		<b>Commenced</b> 28 May 2020; 21 July 2020; 21 August 2020
		<b>Proponent</b> Chair of the Competition Metering Industry Group (CMIG), a sub-branch of Master Electricians Australia
		<b>Category</b> Standard
 <p>Minor changes 2 2020 (retail)</p>	See Table A	<b>Consolidation</b> Rule 2020 No. 4 (This rule will be consolidated in a new version of the NERR on commencement)
		<b>Date made</b> 28 May 2020
		<b>Commenced</b> 21 August 2020
		<b>Proponent</b> AEMC
		<b>Category</b> Expedited

## Table E

### Determinations to not make a rule in response to a retail rule request

Retail rule request	Reasons		
 <p>Bill contents – customers with interval meters</p>	<p>Under the National Energy Retail Rules, retailers must include the values of meter readings at the start and end of the billing period. However, for interval meters, the rules include a provision that permits retailers not to display these values if the metering data required is not reasonably available.</p> <p>This rule change request proposed requiring retailers to include start and end meter readings in energy bills for all customers with an interval meter.</p> <p>After consulting with market participants and energy ombudsmen, the AEMC decided to not make a rule because:</p> <ul style="list-style-type: none"> <li>not including start and end meter readings in the bill is not a material issue for most electricity customers with an interval meter</li> <li>start and end meter readings would be insufficient to allow customers with interval meters to reconcile their bills and could have an unintended consequence of increasing customer confusion</li> <li>it is not likely that including start and end meter readings in electricity bills would increase trust or transparency in the market.</li> </ul> <p>Therefore, the increased levels of regulatory and administrative costs that would arise if a rule was made would not be justified.</p>	<p><b>Determination date</b> 11 Jul 2019</p> <p><b>Proponent</b> Mr Craig Whybrow</p> <p><b>Category</b> Standard</p>	
	 <p>Wholesale demand response mechanism (retail)</p>	<p>See Table A for information about the electricity rule which was made in response to this request.</p>	<p><b>Determination date</b> 11 Jul 2020</p> <p><b>Proponent</b> Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute, Australian Energy Council, South Australian Minister for Mines and Energy</p> <p><b>Category</b> Standard</p>

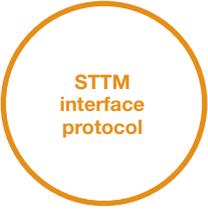
## Table F

### Retail rules under consideration at 30 June 2020

Retail rule request	Status at 30 June 2020	Proponent	Initiated	Category
 <p>Technical standards for distributed energy resources (retail)</p>	See Table C	AEMO	25 Jun 2020	Standard

## Table G

### Gas rules made by the AEMC in 2019-2020

Gas rule made	Benefit/impact	Consolidation	Date made	Commenced	Proponent	Category
 <p>NT emergency gas supply arrangements</p>	<p>This final rule exempts the Northern Territory's LNG projects from reporting gas flows that are upstream of their connection with the domestic gas market on the Natural Gas Bulletin Board.</p> <p>It will assist the Northern Territory government in maintaining a secure source of back-up gas supply by addressing concerns that, due to confidentiality requirements, the Northern Territory LNG projects may not continue to provide back-up gas supply if they are required to report their upstream activities on the Bulletin Board.</p> <p>The final rule provides the NT LNG projects, Darwin LNG and Ichthys LNG, with an exemption from reporting requirements on the Bulletin Board for the facilities that are upstream of the connection point with the domestic market. All flows into the domestic market via the connecting Wickham Point pipeline will still be reported on the Bulletin Board.</p>	Rule 2019 No. 3 (NGR Version 49)	15 Aug 2019	15 Aug 2019	Northern Territory Government	Standard
 <p>Minor changes 2019 (gas)</p>	See Table A	Rule 2019 No. 4 (NGR Version 51)	21 Nov 2019	21 Nov 2019	AEMC	Expedited
 <p>STTM interface protocol</p>	<p>The short term trading market (STTM) is a market for the trading of natural gas at the wholesale level at three defined hubs – Sydney, Adelaide and Brisbane.</p> <p>The AEMC has made a rule that streamlines the process of consultation required to make changes to the STTM interface protocol.</p> <p>Under the final rule:</p> <ul style="list-style-type: none"> <li>AEMO will be able to engage market participants more effectively in its decision-making process</li> <li>any cost savings seen as a result of the streamlined approach will ultimately be passed onto customers.</li> </ul>	Rule 2019 No. 5 (NGR Version 52)	21 Nov 2019	28 Nov 2019	AEMO	Expedited

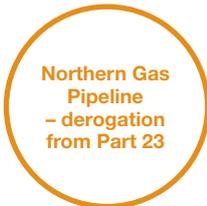
## Table G

### Gas rules made by the AEMC in 2019-2020

Gas rule made	Benefit/impact	
 <p><b>DWGM improvement to AMDQ regime</b></p>	<p>The Victorian declared wholesale gas market (DWGM) enables producers, large gas users and retailers to bid to make withdrawals from and injections into the main system for transporting gas in and through Victoria.</p> <p>The AEMC has made a final rule to make it easier for participants to secure and trade capacity certificates in the DWGM.</p> <p>Under the final rule, a new capacity certificates regime will be introduced to help participants manage scheduling risk by providing tie-breaking benefits when bids to buy gas or offers to sell gas are tied at the same price.</p> <p><b>Next steps: The new regime will commence on 1 January 2023, which is consistent with the start of the next access arrangement period for the Victorian declared transmission system (DTS).</b></p>	<p><b>Consolidation</b> Rule 2020 No. 1 (Schedule 2 – NGR Version 53; Schedule 2 to be consolidated in a new version of the NGR on commencement)</p> <p><b>Date made</b> 12 Mar 2020</p> <p><b>Commenced</b> 19 Mar 2020; 1 Jan 2023</p> <p><b>Proponent</b> Victorian Minister for Energy, Environment and Climate Change</p> <p><b>Category</b> Standard</p>
 <p><b>DWGM simpler wholesale price</b></p>	<p>The AEMC has made a final rule that simplifies risk management for market participants and improves wholesale gas prices in the Victorian DWGM.</p> <p>This may encourage trade and competition, and reduce regulatory and administration burden for market participants and AEMO.</p> <p>The final rule requires AEMO to take physical constraints on withdrawals of gas into account when setting the pricing schedules that determine market prices. This will result in pricing schedules that better align with the physical capability of the system and reduce uncertainty and scheduling risk for market participants.</p>	<p><b>Consolidation</b> Rule 2020 No. 2 (Schedule 1 – NGR Version 54; Schedule 3 – NGR Version 53; Schedule 2 to be consolidated in a new version of the NGR on commencement)</p> <p><b>Date made</b> 12 Mar 2020</p> <p><b>Commenced</b> 19 Mar 2020; 31 Mar 2020; 1 Jan 2023</p> <p><b>Proponent</b> Victorian Minister for Energy, Environment and Climate Change, AEMO</p> <p><b>Category</b> Standard</p>
 <p><b>Minor changes 2 2020 (gas)</b></p>	<p>See Table A</p>	<p><b>Consolidation</b> Rule 2020 No. 3 (NGR Version 55)</p> <p><b>Date made</b> 28 May 2020</p> <p><b>Commenced</b> 4 June 2020</p> <p><b>Proponent</b> AEMC</p> <p><b>Category</b> Expedited</p>

## Table H

### Determinations to not make a rule in response to a gas rule request

Gas rule request	Reasons							
 <p><b>Northern Gas Pipeline – derogation from Part 23</b></p>	<p>In Australia gas pipeline owners and users negotiate the terms, conditions and prices for access to pipeline services.</p> <p>The initial rules made by the South Australian Minister in August 2017 to give effect to this framework for non-scheme pipelines included an exemption for the Northern Gas Pipeline (NGP)</p> <p>Instead, individual access principles for the NGP were put in place by the Northern Territory Government as part of a binding contract</p> <p>This rule change request proposed removing that exemption.</p> <p>The AEMC’s final determination found the existing regulatory regime for the Northern Gas pipeline is effective.</p> <p>Adding new regulatory requirements for the pipeline would be costly and potentially confusing for both Jemena and users.</p> <p>The AEMC considers that there is likely to be an appropriate level of protection to restrict Jemena’s ability to exercise market power when negotiating with prospective users seeking access to the NGP services.</p>	<table border="1"> <tr> <td><b>Determination date</b></td> <td>4 Jul 2019</td> </tr> <tr> <td><b>Proponent</b></td> <td>Environmental Justice Australia and Institute for Energy Economics and Financial Analysis</td> </tr> <tr> <td><b>Category</b></td> <td>Standard</td> </tr> </table>	<b>Determination date</b>	4 Jul 2019	<b>Proponent</b>	Environmental Justice Australia and Institute for Energy Economics and Financial Analysis	<b>Category</b>	Standard
	<b>Determination date</b>	4 Jul 2019						
<b>Proponent</b>	Environmental Justice Australia and Institute for Energy Economics and Financial Analysis							
<b>Category</b>	Standard							
 <p><b>DWGM forward trading market</b></p>	<p>The AEMC has decided to not make a rule to introduce a forward trading market for gas traded on the Victorian declared wholesale gas market (DWGM) because:</p> <ul style="list-style-type: none"> <li>usage of existing industry-led risk management tools has increased</li> <li>the ASX Victorian gas futures have increased in trading</li> <li>brokers have entered the Victorian gas market, which is expected to facilitate more over-the-counter trading</li> <li>information transparency about gas contracts has improved due to increased trades on publicly listed ASX products and data in the ACCC gas inquiry interim reports.</li> </ul> <p>In light of these developments and after consulting with market participants, the AEMC found there is no longer a clear need for an additional forward trading market to help manage spot price risk.</p>	<table border="1"> <tr> <td><b>Determination date</b></td> <td>3 Oct 2019</td> </tr> <tr> <td><b>Proponent</b></td> <td>Victorian Minister for Energy, Environment and Climate Change</td> </tr> <tr> <td><b>Category</b></td> <td>Standard</td> </tr> </table>	<b>Determination date</b>	3 Oct 2019	<b>Proponent</b>	Victorian Minister for Energy, Environment and Climate Change	<b>Category</b>	Standard
	<b>Determination date</b>	3 Oct 2019						
<b>Proponent</b>	Victorian Minister for Energy, Environment and Climate Change							
<b>Category</b>	Standard							

## Table I

### Market reviews and advice summary table

#### COAG ENERGY COUNCIL INITIATED REVIEWS

AEMC project	Proponent	Start date	End date	Status at 30 June 2020
<b>Review of the system black event in South Australia on 28 September 2016</b>	COAG Energy Council	6 January 2017	12 December 2019	Completed
<b>Review of the regulatory frameworks for stand-alone power systems</b>	COAG Energy Council	23 August 2018	31 October 2019	Completed
<b>Electricity network economic regulatory framework review 2019</b>	COAG Energy Council	17 January 2019	26 September 2019	Completed
<b>Residential electricity price trends 2019</b>	COAG Energy Council	18 March 2019	9 December 2019	Completed
<b>Regulatory sandboxes</b>	COAG Energy Council	22 November 2019	26 March 2020	Completed
<b>2020 retail energy competition review</b>	COAG Energy Council	12 December 2020	30 June 2020	Completed
<b>Coordination of generation and transmission investment implementation – access and charging</b>	COAG Energy Council	1 March 2019	Ongoing	Preparation of additional consultation paper
<b>Residential electricity price trends 2020</b>	COAG Energy Council	13 January 2020	Ongoing	Preparation of final report
<b>2020 biennial review into liquidity in wholesale and gas pipeline trading markets</b>	COAG Energy Council	30 January 2020	Ongoing	Preparation of final report
<b>Electricity network economic regulatory frameworks review 2020</b>	COAG Energy Council	4 June 2020	Ongoing	Preparation of final report

## OTHER REVIEWS AND ADVICE

AEMC project	Proponent	Start date	End date	Status at 30 June 2020
<b>Generator compliance template review – 2019</b>	AEMC	26 February 2019	19 December 2019	Completed
<b>Definition of unserved energy</b>	Reliability Panel	4 April 2019	1 August 2019	Completed
<b>Investigation into intervention mechanisms and system strength in the NEM</b>	AEMC	4 April 2019	15 August 2019	Completed
<b>Review of the reliability and emergency reserve trader guidelines 2019</b>	Reliability Panel	23 May 2019	25 July 2019	Completed
<b>Appointment of Reliability Panel members 2019</b>	Reliability Panel	12 September 2019	19 December 2019	Completed
<b>Updating the regulatory frameworks for distributor-led stand-alone power systems</b>	AEMC	19 September 2019	28 May 2020	Completed
<b>Last resort planning power</b>	AEMC	3 October 2019	28 November 2019	Completed
<b>Annual market performance review 2019</b>	AEMC	21 November 2019	12 March 2020	Completed
<b>Consumer protections in an evolving market</b>	AEMC	12 December 2019	30 June 2019	Completed
<b>The Reliability Standard: current considerations</b>	Reliability Panel	13 January 2020	12 March 2020	Completed
<b>Appointment of Reliability Panel members 2020</b>	Reliability Panel	9 April 2020	25 June 2020	Completed
<b>Investigation into system strength frameworks in the NEM</b>	AEMC	26 March 2020	Ongoing	Preparation of final report

## Table J

### Market reviews and advice completed

Review name	Overview	Expected benefits/impacts from recommendations
	<p>The COAG Energy Council's terms of reference for this review directed the AEMC to build on the work conducted by the AER and AEMO, focussed on the compliance of market participants with requirements in the National Electricity Law and the National Electricity Rules, and technical issues contributing to the system black event that occurred in South Australia on 28 September 2016.</p> <p>The AEMC was required to provide a report to the COAG Energy Council within six months of the completion of both AEMO and the AER's reports.</p>	<p>COAG Energy Council's terms of reference for the review required the AEMC to draw upon AEMO and AER's findings into the black system event. With the publication of both the AEMO incident report (in March 2017) and the AER pre- and post-event compliance report (in December 2018) the AEMC commenced its review as required by COAG Energy Council.</p> <p>Our final report, published in December 2019, found increasing frequency and duration of extreme weather events, along with the changing nature of the generation fleet and rapid growth in consumer-owned distributed energy resources, is creating new challenges to the resilience of the power system.</p> <p>We recommended a range of changes to the power system's security framework to help the market operator, AEMO, manage the risks of extreme events including severe storms.</p> <p>Our report proposed a new annual review by AEMO to identify all emerging risks to the power system in six key areas:</p> <ul style="list-style-type: none"><li>• frequency</li><li>• voltage</li><li>• inertia</li><li>• system strength</li><li>• the prevalence of distributed energy resources</li><li>• the operation of special protection schemes.</li></ul> <p>The risks identified through the annual review would then be addressed by transmission and distribution businesses in their formal planning processes, and would also inform AEMO's integrated system plan.</p> <p>We also proposed a new "protected operation" tool to enable AEMO to take proactive, cost-effective actions to manage "indistinct" risks (smaller generators dispersed throughout the system, as well as significant numbers of household rooftop solar and batteries, with variable output depending on the amount of wind and sunshine).</p> <p>A third key recommendation is for a new general provision in the rules to give AEMO the flexibility to prioritise system security obligations while the spot market is suspended. This occurs when the market cannot operate as normal, for example following the a 'black system event'.</p> <p><b>Next steps: On 26 May 2020 the COAG Energy Council submitted two rule change requests recommended by the AEMC to progress the recommendations made in this review.</b></p>

Review name	Overview	Expected benefits/impacts from recommendations
 <p data-bbox="183 577 343 716">Review of the regulatory frameworks for stand-alone power systems</p>	<p data-bbox="395 539 742 779">A stand-alone power system (SAPS) is an electricity supply arrangement that is not physically connected to the national grid. The term encompasses both microgrids, which supply electricity to multiple customers, and individual power systems, which supply electricity to a single customer.</p> <p data-bbox="395 792 742 1032">This review, requested by the COAG Energy Council, looked at the law and rule changes required to allow local distribution network service providers to use stand-alone power systems where it is economically efficient to do so, while maintaining appropriate consumer protections and service standards.</p> <p data-bbox="395 1046 742 1151">The review also considered regulatory arrangements for SAPS that are provided by parties other than local DNSPs.</p>	<p data-bbox="778 539 1428 591">Our final report proposed reforms that will make it easier, safer and more reliable for consumers who choose to go off-grid.</p> <p data-bbox="778 604 1428 741">We set out a new framework that will require community groups, local councils, developers and other third party providers of stand-alone power systems to comply with jurisdictional regulations on reliability, safety and consumer protections, based on nationally agreed principles.</p> <p data-bbox="778 754 1428 891">The changes would enable those living in remote locations without easy access to the grid, or who wish to disconnect from the grid, to choose an off-grid solution while still having consumer protections in place for things like billing arrangements, reliability and safety standards.</p> <p data-bbox="778 904 1428 983">We have recommended a tiered framework that provides appropriate consumer protections while avoiding unnecessary costs, rather than a one-size-fits-all approach.</p> <p data-bbox="778 996 1428 1189">For larger microgrids, jurisdictions would develop comprehensive regulations covering registration and licensing, obligations to supply and connect, pricing, consumer protections including for vulnerable customers, and reliability and safety standards. These bespoke regulations would fit the local circumstances but be based on national principles to minimise compliance costs for parties with operations in more than one state.</p> <p data-bbox="778 1202 1428 1308">For smaller microgrids, lighter-touch regulation would apply with jurisdictions setting some minimum consumer protections, such as billing requirements, as well as basic requirements for safety, metering and technical standards.</p> <p data-bbox="778 1321 1428 1480"><b>Next steps: The AEMC has set out an implementation plan for the new framework, including the key changes that jurisdictional governments and regulators will need to make. The final report, including recommendations and implementation plan, is now with the ministerial forum of energy ministers for consideration.</b></p>

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## Table J

### Market reviews and advice completed

Review name	Overview	Expected benefits/impacts from recommendations
	<p>The annual grid of the future review of the economic regulatory framework for electricity networks is part of the AEMC's work to support the continual evolution of the energy sector.</p> <p>In light of the significant growth in decentralised energy resources, the review will examine whether the economic regulatory framework is robust, flexible and continues to support the efficient operation of the energy market in the long-term interest of consumers.</p> <p>We do this by monitoring changes and developments in the national electricity market and where necessary, recommend changes to the economic regulatory framework to energy ministers.</p>	<p>Rooftop solar penetration has reached the point where a choice needs to be made between distribution networks spending billions on new substations and poles and wires to cope – or start delivering the grid of the future so consumers aren't landed with unnecessary costs.</p> <p>The AEMC's final report for this review, titled <i>Integrating distributed energy resources for the grid of the future</i>, called on distribution network businesses to urgently lead implementation of major reforms to open the way for renewable energy and avoid the need for significant new network investment.</p> <p>We are already seeing more take-up of distributed energy resources like batteries, electric vehicles and smart appliances. They can smooth peak demand on the grid and help stabilise the power system – making the most of all the energy in the system, wherever it's produced or stored.</p> <p>A grid-enabled trading platform will open up a whole new world of opportunities for households and businesses – providing payments for services like frequency control and network support to make the power system stronger and enable higher levels of domestic demand response.</p> <p>But escalating penetration of rooftop solar; industry-wide failure to comprehensively introduce cost-reflective customer reward pricing; lack of network visibility of low voltage network constraints; and inadequate technical network standards and compliance, are combining to reduce system security and efficiency.</p> <p>The AEMC's distributed energy resources blueprint identifies initiatives that can be implemented starting immediately and sharpens focus on reforms already underway that need to pick up speed.</p> <p>There are 10 key actions to deliver distribution networks that will work for the future through an integrated program with all the market bodies and the Energy Security Board.</p> <p><b>Next steps: The AEMC will monitor progress on our recommendations as part of our annual review of the economic regulatory framework.</b></p>

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Review name	Overview	Expected benefits/impacts from recommendations
 <p>Residential electricity price trends 2019</p>	<p>The price trends report is a core document used to inform a range of stakeholders including AEMO, the International Energy Agency and the Reserve Bank of Australia.</p> <p>It helps consumers understand costs included in their electricity bill. It also provides governments with information about which parts of the sector are driving changes in electricity prices and provides context for long-term decision making on energy policy.</p> <p>The AEMC residential price trend review focusses on the drivers of household bills across the three key parts of the electricity supply chain – wholesale (generation); regulated networks (transmission and distribution); and environmental (government policy schemes).</p>	<p>The AEMC’s annual report on electricity price trends shows a falling price outlook over the next few years.</p> <p>Overall residential electricity prices out to 2022 are estimated to continue decreasing on the back of increasing supplies of generation in the electricity market and lower regulated prices for networks.</p> <p>Generation costs are falling because of additional generation; regulated network prices have been lowered in response to falling distribution costs; and green scheme costs are being driven down by cheaper large-scale generation certificates for increasing levels of renewable generation.</p> <p>While the overall national trend is down all across the supply chain there are regional differences across states and territories that will affect price outcomes depending on where you live and how much electricity you use.</p> <p>Understanding what’s driving prices can help give state and territory governments the information they need to help determine if price changes announced each year by retailers are consistent with changes in the power system’s underlying costs.</p> <p>Price trends will affect individual households differently depending on how much electricity each consumer uses, and how willing they are to switch to a better energy deal where market offers are available.</p>
 <p>Regulatory sandboxes</p>	<p>A regulatory sandbox is a framework within which participants can test innovative concepts in the market under relaxed regulatory requirements at a smaller scale, on a time-limited basis and with appropriate safeguards in place.</p> <p>In September 2019 the AEMC released a final regulatory sandbox toolkit as part of the <i>Electricity network economic regulatory framework review 2019</i>.</p> <p>In November 2019 the COAG Energy Council agreed to the AEMC’s recommendations to introduce a regulatory sandbox toolkit and asked the AEMC to provide further advice on rule changes, including stakeholder feedback on the proposed rule drafting provided in the AEMC’s final report and a final recommended package of rule changes.</p>	<p>Our further advice to the COAG Energy Council on regulatory sandboxes was aimed at making it easier for businesses to do test runs of innovative ways to deliver energy services to consumers.</p> <p>Innovation in the energy sector can lead to better services and lower costs for consumers. It is important that the regulatory framework supports emerging technologies and business models that have the potential to deliver these benefits to consumers.</p> <p>The final recommended package of rule changes incorporated changes in response to 15 stakeholder submissions on the draft rules.</p> <p><b>Next steps: The ministerial forum of energy ministers will separately develop law changes and conduct stakeholder consultation before the law changes are submitted to the South Australian Parliament. The AEMC’s recommended rule drafting will need to be updated to reflect the final form of law changes.</b></p>

## Table J

### Market reviews and advice completed

Review name	Overview	Expected benefits/impacts from recommendations
	<p>This annual review of energy retail competition assesses the state of competition in the small customer electricity and natural gas retail markets in all national electricity market jurisdictions.</p> <p>Retail competition reviews are conducted in accordance with the framework set out in the Australian Energy Market Agreement (AEMA).</p> <p>A range of information sources are used to form an evidence base to assess the state of competition against the following five competitive market indicators:</p> <ul style="list-style-type: none"><li>• the level of customer activity in the market</li><li>• customer satisfaction with market outcomes</li><li>• barriers to retailers entering, expanding or exiting the market</li><li>• the degree of independent rivalry</li><li>• whether retail energy prices are consistent with a competitive market.</li></ul>	<p>The Commission's annual review looks at the state of competition in the energy market and whether this is benefiting consumers. It is an important tool to map retail market progress over time and identify opportunities for reform.</p> <p>This year's report also took an in-depth look at the potential impacts of COVID-19 on the market.</p> <p>Our final report for the 2020 retail energy competition review showed that energy customer satisfaction has reached a four-year high. But when it comes to value for money, households and businesses still rate electricity and gas lower than other utilities such as water and telecommunications.</p> <p>Pre-COVID-19, consumers were the most satisfied they had ever been with their access to energy information – 55% said easily understood information was available to them and complaints were down by 4%, continuing a three-year downward trend. However, only one in three households were confident the market is working in the long-term interests of consumers.</p> <p>We have called for new measures to prevent consumers' energy bills from blowing out if their retailer goes out of business. Our plan would ensure the customer's new retailer, called the 'retailer of last resort' (ROLR), would be prevented from automatically putting their new clients on more costly default offers.</p> <p>The retail competition review also highlighted the vulnerable position of more than a million residential and small business customers in apartment complexes, retirement villages, shopping centres and caravan parks, who receive their energy via private 'embedded networks'.</p> <p>These customers aren't protected in the same way as regular small customers when it comes to being disconnected and being able to access concession and Ombudsman schemes. This is even more concerning given COVID-19. The AEMC has developed a comprehensive package of changes to laws, rules and regulations to protect these consumers and recommends they are implemented.</p> <p>We note that the full COVID-19 impact on the retail energy market is yet to be felt, because most small consumers pay their bills three months in arrears. Some retailers have reported they are expecting the level of bad debts to double.</p> <p><b>Next steps: We have recommended a number of changes to improve the resilience of the market in the face of economic shocks such as a pandemic.</b></p>

Review name	Overview	Expected benefits/impacts from recommendations
 <p><b>Generator compliance template review – 2019</b></p>	<p>To maintain power system security in the national electricity market, generators must comply with the relevant technical standards. The template provides clarity on what constitutes good electricity industry practice with respect to technical standard compliance and assists generators with developing and designing their compliance programs.</p> <p>The AEMC issued terms of reference to the Reliability Panel to conduct a review of the template for generator compliance programs.</p>	<p>Generators must meet technical performance standards so they do not adversely affect power system security. The template for generator compliance programs helps generators with developing and designing programs to test and monitor their compliance with performance standards.</p> <p>In this review, the Reliability Panel investigated whether the current template is consistent with changes to the rules, the emergence of new technologies, and new performance standards and compliance methods. The investigation included an extensive stakeholder survey, and input from technical experts.</p> <p>The Panel identified a need for the existing template to be updated to enhance its clarity and usability, and also to reflect changes to performance standards made in the AEMC's <i>Generator technical performance standards</i> rule change request.</p> <p>These recommendations will support system security by helping generators comply with their performance standard obligations. The amended template will also assist the AER in its ongoing compliance audit program, and AEMO in its investigation of power system incidents.</p>
 <p><b>Definition of unserved energy</b></p>	<p>In the National Electricity Rules, unserved energy is a measure of the amount of customer demand that cannot be supplied within a region due to a shortage of generation, demand-side participation or interconnector capacity.</p> <p>The reliability standard, which guides how much capacity is needed in the national electricity market, is expressed in terms of unserved energy. Under the reliability standard, unserved energy must not be more than 0.002 per cent of the total energy demanded in a given year.</p>	<p>In this review the Reliability Panel sought to clarify and simplify the definition of unserved energy used in post-event analysis of wholesale supply interruptions by examining what should be included or excluded from the calculation of unserved energy.</p> <p>The Panel concluded that the unserved energy definition is largely fit for purpose but that it would benefit from minor changes aimed at providing clearer and more accurate information to the market about whether the reliability standard was met, and hence, if there is a need for more capacity.</p> <p>To progress its conclusions, the Panel has submitted a rule change request to the AEMC seeking changes to:</p> <ul style="list-style-type: none"> <li>• promote transparency of the unserved energy calculation, by requiring AEMO to provide more information on how it calculates unserved energy</li> <li>• improve clarity of the unserved energy framework, by complementing the definition of unserved energy with a principle to guide AEMO when allocating incidents to unserved energy.</li> </ul> <p>These changes will provide better information, and transparency of information, about how the reliability standard is assessed once an event has occurred.</p>

## Table J

### Market reviews and advice completed

Review name	Overview	Expected benefits/impacts from recommendations
 <p><b>Investigation into intervention mechanisms and system strength in the NEM</b></p>	<p>The AEMC has reviewed the interventions framework in light of the growing number of directions being issued by AEMO to maintain system strength and the recent use of the reliability and emergency reserve trader.</p> <p>This investigation also considered the experience to date with the current frameworks for managing system strength and inertia, and whether any refinements are warranted to those frameworks to support system security in the most efficient manner possible.</p>	<p>The AEMC published a final report in August 2019 with recommendations to improve the interventions framework and reduce costs for consumers.</p> <p>This work is part of the AEMC's system security and reliability action plan.</p> <p>The final report included two draft rules:</p> <ul style="list-style-type: none"> <li>• introducing a new approach to pricing when generators are directed to operate to keep the grid stable. This will put downward pressure on wholesale energy prices in South Australia when AEMO issues system strength directions and remove market distortion.</li> <li>• amending the compensation threshold in relation to directed participants' additional compensation claims so that it applies per direction and not per trading interval.</li> </ul> <p>The report recommended that AEMO submit a number of other rule change requests that would further improve the interventions framework by changing the basis on which compensation for directed participants is calculated, and narrowing the circumstances in which other participants can be compensated following interventions.</p> <p>The AEMC worked closely with AEMO throughout the review and benefited from the work previously undertaken by AEMO on intervention pricing.</p> <p><b>Next steps: The two related rule change requests – <i>Threshold for participant compensation following market intervention and Application of the regional reference node test to the reliability and emergency reserve trader</i> – were completed in December 2019. AEMO has subsequently submitted further rule change requests recommended by this review.</b></p>
 <p><b>Review of the reliability and emergency reserve trader guidelines 2019</b></p>	<p>The RERT is the national electricity market's emergency reserve and is used by the system operator AEMO as a last-resort mechanism to keep the lights on. The RERT guidelines provide additional guidance to AEMO on what to take into account when it uses the RERT.</p> <p>In light of the tight implementation timeframes associated with the final Enhancement to the RERT rule, the scope of this review is limited to amending the guidelines so that they are consistent with the final rule.</p>	<p>In May 2019 the AEMC published new rules to enhance the RERT framework so that AEMO has the flexibility to effectively protect the reliability of the national electricity market while minimising costs to consumers.</p> <p>As part of the new RERT rules, the Panel was required to update its RERT guidelines, which provide additional guidance to AEMO on how to operate the emergency reserve framework. For example, the RERT guidelines set out the type of information AEMO must take into account when using emergency reserves, and the actions that AEMO may take to be satisfied that emergency reserves are out of market.</p> <p>The Reliability Panel published updated guidelines for the reliability and emergency reserve trader in July 2019. Consistent with the terms of reference published by the Commission, these changes are limited to updates required to reflect the enhanced RERT final rule.</p>

Review name	Overview	Expected benefits/impacts from recommendations
 <p>Appointment of Reliability Panel members 2019</p>	<p>The statutory process for nomination and appointment of Reliability Panel members is set out in the National Electricity Rules.</p> <p>It involves consultation with registered generators, DNSPs, TNSPs and market customers and voting by those stakeholders on the nominees.</p>	<p>The appointment terms for Richard Wrightson, the member for market customers, Trevor Armstrong, the member for distribution businesses, and Gavin Dufty, the member for end-use customers, expired on 31 December 2019. Mark Collette, the generator representative, resigned from the Reliability Panel.</p> <p>In September 2019 the AEMC invited registered generators, DNSPs and market customers to nominate candidates to represent them on the Panel, and commenced a separate consultation process with representative consumer bodies in relation to the end-use customer representative.</p> <p>After a nomination approval and voting process, Trevor Armstrong and Gavin Dufty were reappointed.</p> <p>Two new Reliability Panel members were also appointed:</p> <ul style="list-style-type: none"> <li>• Keith Robertson, Origin Energy – appointed as the market customer representative</li> <li>• Paul Simshauser, Infigen Energy – appointed as the generator representative.</li> </ul>
 <p>Updating the regulatory frameworks for distributor-led stand-alone power systems</p>	<p>The AEMC initiated this review to look at detailed amendments to the regulatory framework required to implement the recommendations we made in the final report for the <i>Review of regulatory frameworks for stand-alone power systems</i> (priority 1).</p> <p>Under the terms of reference, this review considered how best to implement the Commission's proposed regulatory framework. The review developed detailed revisions to the rules required to implement the new regulatory approach for distributor-led SAPS.</p>	<p>In May 2020 we published a final report advising on a package of proposed rule changes to enable distribution network businesses to supply their customers using SAPS where it is cheaper than maintaining a connection to the grid.</p> <p>This major national reform means that energy distribution businesses can take advantage of improved renewable technologies to choose stand-alone power systems when it's cheaper than using poles and wires to supply their customers via the grid.</p> <p>The reforms will help unlock the benefits of new technologies that are increasingly allowing electricity services to be delivered through alternatives to a traditional grid connection at a lower cost and with improved reliability, and with other benefits such as reduced bushfire risks.</p> <p>And eligible customers in remote areas will be able to access off-grid energy from their electricity network without losing their consumer protections, retail deals or reliability.</p> <p>Until now, there has been no national approach to stand-alone power systems, which have largely come under different state and territory legislation.</p> <p>Changing the rules will bring costs down across the board because network costs make up around half of the average electricity bill; importantly, checks and balances will still be in place, so customers are not disadvantaged.</p> <p>These include making sure customers can still access competitive energy retail deals and that they have the same consumer protections, such as access to hardship provisions and ombudsman dispute resolution.</p> <p><b>Next steps: The AEMC's recommendations have been sent to the COAG Energy Council for consideration. States and territories will still need to adapt their regulations so the new rules can operate but it's possible some of this work could be done in parallel.</b></p>

## Table J

### Market reviews and advice completed

Review name	Overview	Expected benefits/impacts from recommendations
 <p><b>Last resort planning power</b></p>	<p>The last resort planning power is an oversight mechanism conferred on the AEMC to complement the planning roles of AEMO, as national transmission planner, and transmission network companies.</p> <p>It allows the AEMC to require network companies to consider and consult on options to alleviate constraints on the interconnected transmission network when these companies have not initiated this process themselves.</p>	<p>The AEMC decided not to exercise its last resort planning power (LRPP) in 2019.</p> <p>We determined that transmission businesses are adequately considering the need for inter-regional investment in their transmission planning processes. Transmission providers across the NEM have been carrying out regulatory investment tests in relation to new or expanded interconnectors, including to progress the projects identified in AEMO's integrated system plan.</p> <p>The AEMC has also worked closely with the Energy Security Board to develop new rules to action the ISP and streamline the process for regulatory approval of major transmission investments.</p>
 <p><b>Annual market performance review 2019</b></p>	<p>The annual market performance review is a requirement under the National Electricity Rules.</p> <p>It provides the Panel with the opportunity to consider specific events that have occurred in the national electricity market over the previous financial year, and to assess the performance of the power system against standards and guidelines determined by the Reliability Panel.</p> <p>The annual market performance review may assist governments, policy makers and market institutions to monitor the performance of the power system, and to identify the likely need for improvements to the various measures available for delivering reliability, security and safety.</p>	<p>The Reliability Panel's <i>Annual market performance review 2019</i> revealed that the tough job of keeping the power system secure will get harder before it gets easier – but it will get easier.</p> <p>In the 2018–2019 financial year the review found there were more times when the system was not in a secure operating state compared with the previous year.</p> <p>But it also said that new technologies and ways of doing business would be pivotal in providing solutions. For example, Australia is leading the way with battery storage installation – with about a quarter of global battery installations by capacity installed in Australia in 2019.</p> <p>There is a large amount of work under way by the Energy Security Board, AEMO and through the AEMC work plan to understand the technical needs of the power system in the changing environment and how to respond to the key issues.</p> <p>This year's report highlighted climate change as a major consideration in future power system security.</p> <p>As the number and range of weather events such as prolonged extreme temperatures, cyclones and bushfires increase as a result of climate change, the challenge of maintaining the secure operation of the power system will grow.</p> <p>On reliability, the report said that while the reliability standard was not breached during the year, it was becoming more challenging to maintain as the supply/demand balance tightens, especially on high temperature/high demand days.</p> <p>The Panel is concerned by the increasing reliance on interventions to maintain reliable supply. There is an emerging concern that reliability issues may arise in non-peak periods, for example when generators and network equipment is taken off-line for maintenance.</p> <p>Using emergency tools means the market is not delivering sufficient capacity to meet demand and indicates a need for new investment that can be relied upon at times when consumers need it.</p>

Review name	Overview	Expected benefits/impacts from recommendations
 <p data-bbox="183 616 343 683"><b>Consumer protections in an evolving market</b></p>	<p data-bbox="395 537 758 772">In the AEMC's <i>2019 Retail energy competition review</i> final report the Commission mapped the consumer protections that energy consumers in the national electricity market currently receive under the National Customer Energy Framework (NECF) and the Australian Consumer Law (ACL).</p> <p data-bbox="395 795 758 996">This was the first step in assessing whether energy consumers are receiving appropriate protections, and barriers to innovation are minimised. The Commission concluded that the NECF generally complemented the ACL in protecting energy consumers from harm.</p> <p data-bbox="395 1019 758 1075">However, the AEMC noted the need for further analysis in two areas:</p> <ul data-bbox="395 1086 758 1276" style="list-style-type: none"> <li>• consumer protections related to new energy products and services.</li> <li>• the impact of digitalisation on regulatory provisions under the NECF for the traditional sale of energy.</li> </ul> <p data-bbox="395 1288 758 1534">The purpose of this review was to analyse potential changes to the NECF to allow consumers to make the most out of digital technologies and outline how market developments and new, non-traditional energy products and services are raising key questions from a regulatory perspective.</p>	<p data-bbox="778 537 1428 672">New products and services such as energy storage systems, energy management services, electric vehicle charging services and solar PV systems are changing the retail energy landscape and they don't fit neatly within the traditional retailer-distributor-consumer model.</p> <p data-bbox="778 683 1428 795">In preparing this report the AEMC consulted extensively with stakeholders including consumer advocates, retailers, new technology suppliers, governments, and energy Ombudsmen through submissions, a workshop and bilateral meetings.</p> <p data-bbox="778 806 1428 840">Our key consumer protection recommendations include:</p> <ul data-bbox="778 851 1428 1512" style="list-style-type: none"> <li>• extending the jurisdiction of energy Ombudsman schemes to handle consumer complaints regarding services that sell or supply energy or have an impact on energy sale or supply</li> <li>• allowing customers to authorise third parties – like government energy switching services – to act on their behalf in moving them to better value energy deals</li> <li>• overhauling energy bills so they make better sense to customers</li> <li>• progressing previous recommendations from the AEMC and the ACCC to tighten regulations on commission-based energy comparison sites</li> <li>• making the rules more flexible so that customers can be notified about changes to their energy contracts in ways that work best for them – such as SMS messages or via apps</li> <li>• promoting, strengthening and monitoring industry codes of conduct such as the New Energy Tech Consumer Code (NETCC), which recognises the risks consumers face when buying new energy technology</li> <li>• examining which rules within the National Energy Customer Framework need to be prescriptive and which regulations could be more principles-based and focussed on outcomes for customers</li> <li>• getting industry more involved in helping to develop protections for consumers.</li> </ul> <p data-bbox="778 1523 1428 1579">This review's final analysis was incorporated into the <i>2020 retail energy competition review</i>'s final report.</p> <p data-bbox="778 1590 1428 1702"><b>Next steps: A number of these recommendations can be dealt with via the AEMC's rule change process and we look forward to working with energy stakeholders to take these changes forward.</b></p>
 <p data-bbox="183 1803 343 1870"><b>The Reliability Standard: current considerations</b></p>	<p data-bbox="395 1724 758 1870">Increased discussion about power system reliability has prompted the AEMC Reliability Panel to develop an information resource to inform the conversation.</p>	<p data-bbox="778 1724 1428 1848">In March 2020 the Reliability Panel published a background paper on current considerations for the reliability standard and a plain-language fact sheet on what the standard means and how it is used.</p> <p data-bbox="778 1859 1428 1937">This is an early, first step towards the Panel's next statutory review of the reliability standard and settings, which must be completed by 2022 at the latest.</p> <p data-bbox="778 1948 1428 2004">The information resource is designed to promote discussion on reliability in the national electricity market.</p>

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## Table J

### Market reviews and advice completed

Review name	Overview	Expected benefits/impacts from recommendations
	<p>The statutory process for nomination and appointment of Reliability Panel members is set out in the National Electricity Rules.</p> <p>It involves consultation with registered generators, DNSPs, TNSPs and market customers and voting by those stakeholders on the nominees.</p>	<p>The appointment term for Gavin Dufty, the member for end-use customers, expired on 30 June 2020.</p> <p>In April 2020, the AEMC invited end-use customer representatives to nominate candidates to represent end use customers on the Panel.</p> <p>After a nomination approval and voting process, the AEMC announced the appointment of Craig Memery as the end use customer representative. He has represented energy users for the last decade, and now leads the PIAC's Energy and Water Consumer Advocacy Program which promotes access to affordable, sustainable energy and water for NSW households, through improvements in policy, regulation and markets that benefit all energy users and targeted supporting measures for people facing hardship and disadvantage.</p> <p>In addition, Paul Simshauser resigned from the Reliability Panel due to taking up a new position at Powerlink. When the generator representative and approval process was conducted in late 2019, Ken Woolley was the other nominee who received significant support from generators. Given that this process was undertaken recently and there have been minimal changes to the registered generators category since that time, Ken Woolley has been appointed to replace Paul Simshauser as the generator representative on the Reliability Panel.</p> <p>Ken Woolley is the Executive Director Merchant Energy at Alinta Energy and a Director of Latrobe Valley Power. Mr Woolley is responsible for power generation asset management and operations, wholesale gas, electricity and renewable trading functions and power development at Alinta Energy.</p>

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## Table K

### Market reviews and advice current at 30 June 2020

Review name	Overview	Expected benefits/impacts from recommendations
 <p>Coordination of generation and transmission investment implementation – access and charging</p>	<p>In response to the AEMC's recommendations in the final report for the <i>Optional firm access, design and testing</i> review, the COAG Energy Council has asked the AEMC to implement a biennial regime to report on drivers of change that impact transmission and generation investment.</p> <p>The AEMC will undertake a two-stage approach to reporting.</p> <p>At least every two years we will publish a stage one report consisting of a high-level analysis of whether drivers in the NEM have changed substantially such that a more detailed examination of the conditions is warranted.</p> <p>Where a second stage is required, the AEMC will conduct an in-depth assessment of how the driver(s) have changed.</p>	<p>In June 2019 we set the direction for urgently needed reform of the way generators access transmission networks to deliver electricity for consumers. The proposed reforms address the need for greater certainty for generators that they can get their energy to consumers, and reduce the financial and risk burden on consumers in funding new transmission investment.</p> <p>In March 2020, the COAG Energy Council asked the AEMC to continue designing the access reforms as part of the Energy Security Board's post 2025 market design process. The access reforms are an important project within the ESB's post 2025 design process. They will underpin other major ESB reforms that are currently being considered.</p> <p>The access reform model has two core elements: locational marginal pricing and financial transmission rights. This approach, while new to Australia, has been successfully in place for decades in many parts of the world including New Zealand, North America and Singapore.</p> <p>Locational marginal pricing creates a more precise market instrument that will reduce costs for consumers by enabling the cheapest/lowest emissions energy mix to be dispatched.</p> <p>It does this by paying generators the actual value of supplying electricity from where they are physically located rather than the current regional price, which is paid to all generators in a region regardless of the value of the energy they produce. Locational price signals also make it more likely that new generation investment is located in the parts of the network where it can deliver the greatest benefit to consumers in the longer term.</p> <p>Financial transmission rights allow generators to hedge changes in revenue when local prices are different to the regional reference price. This will act as a risk management tool to give them more certainty around the amount of profit they will make.</p> <p><b>Next steps: We are taking the lead on this particular workstream of the ESB's post 2025 project, and so will design the access model and draft a package of rule changes as part of this work, due for completion by the end of the year.</b></p>
 <p>Residential electricity price trends 2020</p>	<p>This report is the eleventh annual residential electricity price trends report prepared by the AEMC at the request of the COAG Energy Council.</p> <p>The report provides information on the supply chain components expected to affect the trends in residential electricity prices for each state and territory of Australia over the three years from 2018/2019 to 2021/2022.</p>	<p>The AEMC's annual report on price trends provides an overall picture of factors driving electricity prices for households in each state and territory. While the report is not a forecast of prices, it analyses cost trends across the electricity supply chain including generation and the regulated networks sector; and price impacts resulting from government environmental and system security policies.</p> <p>No two households use energy in the same way. Price trends will affect individual households differently depending on how much each consumer uses electricity, and how willing they are to switch to a better energy deal where market offers are available.</p> <p>The 2020 price residential electricity price trends report is underway and expected to be published in late 2020.</p>

## Table K

Market reviews and advice current at 30 June 2020

Review name	Overview	Expected benefits/impacts from recommendations
 <p>2020 biennial review into liquidity in wholesale and gas pipeline trading markets</p>	<p>In 2016, the AEMC completed a review of the gas markets and gas transportation arrangements on the east coast of Australia. In the final report, the AEMC recommended a number of metrics that would capture the characteristics of a liquid market and allow for the monitoring of liquidity in the Australian wholesale gas and pipeline capacity trading markets.</p> <p>The AEMC also recommended that it should report to energy ministers every two years on the growth in trading liquidity in these markets.</p> <p>In December 2017 the COAG Energy Council directed the AEMC to conduct a review into liquidity in wholesale gas and pipeline trading markets.</p> <p>This is the second biennial review.</p>	<p>In April 2020 we released a draft report tracking changes in trading activity in Australia's gas markets and the impact of reforms we have designed since 2016.</p> <p>Our analysis indicates that progress is being made towards the COAG Energy Council's vision to establish a liquid wholesale gas market that provides the right market signals for investment and supply.</p> <p>The ability to move gas around efficiently is critical to the nation's energy and economic future – today more than ever – not only for household and business use but also as fast-response fuel for electricity generation.</p> <p>However, the findings vary across the different gas markets and traded products:</p> <ul style="list-style-type: none"> <li>• Wallumbilla gas supply hub – significant liquidity growth with positive indicators across quantitative and qualitative metrics</li> <li>• Moomba gas supply hub – significant trading is yet to emerge</li> <li>• Victorian declared wholesale gas market – as a compulsory market continues to enjoy relatively higher levels of liquidity and stakeholder confidence</li> <li>• short term trading markets – as compulsory markets they continue to enjoy relatively higher levels of liquidity and stakeholder confidence</li> <li>• day-ahead auction – while only introduced in 2019, the pipeline capacity day-ahead auction appears to have had a substantial effect on the secondary trade of pipeline capacity and is contributing to liquidity growth in east coast wholesale gas markets.</li> </ul> <p>A number of significant reforms are underway in the east coast that could contribute to further liquidity growth, particularly at the gas supply hubs and for pipeline capacity trading, and progress should continue to be monitored.</p> <p><b>Next steps: The final report was published in July 2020, setting a baseline for the state of market liquidity against which the effects of the COVID-19 pandemic can be assessed in 2022.</b></p>

Review name	Overview	Expected benefits/impacts from recommendations
 <p>Electricity network economic regulatory frameworks review 2020</p>	<p>The annual review of the economic regulatory framework for electricity networks is part of the AEMC's work to support the continual evolution of the energy sector.</p> <p>The review will examine whether the economic regulatory framework is robust, flexible and continues to support the efficient operation of the energy market in the long-term interest of consumers.</p> <p>We do this by monitoring changes and developments in the national electricity market and where necessary, recommend changes to the economic regulatory framework to energy ministers.</p>	<p>We initiated the 2020 review in June 2020 with the publication of an approach paper.</p> <p>Last year's review of the future of the electricity grid focussed intensively on distributed energy resources and detailed a series of key recommendations and actions required to integrate the increasing uptake of distributed energy resources into the national electricity market in ways that benefit everyone who uses the power system.</p> <p>There is a significant program of work under way to integrate distributed energy resources into the electricity system and many of the recommendations from last year's review have commenced.</p> <p>In this year's review, we will identify a priority list of issues relevant to the electricity sector's transformation that may require attention or reform – beyond the integration of distributed energy resources – as the electricity sector transformation continues.</p> <p>The review will also provide an update on the implementation of recent reforms and report on the AEMC's monitoring of network businesses' key performance indicators.</p> <p><b>Next steps: The final report is due to be published in October 2020.</b></p>
 <p>Investigation into system strength frameworks in the NEM</p>	<p>The AEMC has initiated a review into what is needed to keep the power system strong as new technologies are integrated into it.</p> <p>We believe that while system strength frameworks have worked to keep the power system secure, they need to evolve. This is because of the pace of the power system transition and the need to support the rapid connection of large numbers of new non-synchronous generation such as wind and solar that is already underway.</p> <p>Sufficient levels of system strength will be critical to keeping the system secure as this transition continues. And further investment in system strength could potentially boost the power system's resilience and remove constraints on the network.</p> <p>The focus of our work will be on how system strength services can be planned for, procured, priced and who pays for the service.</p>	<p>System strength keeps the system stable. As well as keeping generators operating securely, system strength services help the system to ride out faults such as those that can follow a lightning strike on a power line. Keeping the system stable helps to avoid blackouts.</p> <p>The discussion paper for the <i>Investigation into system strength frameworks in the NEM</i> builds on frameworks that were put in place in 2017 to ensure system security.</p> <p>Given the transition underway, it is timely to look at how we can adapt and evolve these frameworks given the significant amount of generation connecting to the system.</p> <p>Since the frameworks were put in place, the industry has also developed a greater understanding of what system strength is and why it is needed. This is because Australia is at the forefront of operating power systems with large amounts of non-synchronous generation.</p> <p>The discussion paper outlined four broad models for how system strength can be provided, although a combination could be used; the issues and models will frame our ongoing engagement with stakeholders and market bodies.</p> <p>This review is part of the AEMC and ESB's work programs to make the power system more reliable and secure; it is also related to the ESB's post 2025 market design project.</p> <p><b>Next steps: The final report is due to be published in October 2020.</b></p>

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# Financial performance

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## INDEPENDENT AUDITOR'S REPORT



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### To the Acting Chairperson Australian Energy Market Commission

#### Opinion

I have audited the financial report of Australian Energy Market Commission for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Australian Energy Market Commission as at 30 June 2020, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Chairperson, the Chief Executive and the Financial Controller.

#### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Australian Energy Market Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of the Chief Executive and the Commissioners for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

The Commissioners are responsible for overseeing the entity's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 26(2) of the *Australian Energy Market Commission Establishment Act 2004*, I have audited the financial report of Australian Energy Market Commission for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the {the entity's} internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive and the Commission about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson  
**Auditor-General**  
24 September 2020

## Certification of the financial statements

### Australian Energy Market Commission

#### Certification of the Financial Statements

We certify that the attached general purpose financial statements of the Australian Energy Market Commission ("the Commission"):

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Commission; and
- present a true and fair view of the financial position of the Commission as at 30 June 2020 and the result of its operations and cash flows for the financial year.

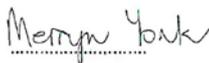
We certify that the internal controls employed by the Commission for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Benn Barr  
Chief Executive



Tricia Khoo  
Financial Controller



Merryn York  
Acting Chairperson

Date: 24 September 2020

## Statement of comprehensive income

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Contributions from participating jurisdictions	4.1	30,862	28,889
Sales of goods and services	4.2	802	904
Interest	4.3	143	216
Other revenue	4.4	1,020	–
<b>Total income</b>		<b>32,827</b>	<b>30,009</b>
<b>Expenses</b>			
Employee benefits expenses	2.4	19,437	18,036
Supplies and services	3.1	8,745	8,419
Depreciation and amortisation	3.2	1,714	414
Interest expense	3.3	142	–
Net loss on disposal of non-current assets	3.4	187	14
<b>Total expenses</b>		<b>30,225</b>	<b>26,883</b>
<b>Net result</b>		<b>2,602</b>	<b>3,126</b>
<b>Total comprehensive result</b>		<b>2,602</b>	<b>3,126</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the participating jurisdictions as owners.

## Statement of financial position

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	15,432	17,127
Receivables	6.2	2,671	1,136
<b>Total current assets</b>		<b>18,103</b>	<b>18,263</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	27,825	851
Intangible assets	5.4	1,084	1,302
<b>Total non-current assets</b>		<b>28,909</b>	<b>2,153</b>
<b>Total assets</b>		<b>47,012</b>	<b>20,416</b>
<b>Current liabilities</b>			
Payables	7.1	1,225	1,084
Lease liabilities	7.2	2,408	–
Employee benefits	2.5	1,697	1,166
Other liabilities	7.3	548	3,256
<b>Total current liabilities</b>		<b>5,878</b>	<b>5,506</b>
<b>Non-current liabilities</b>			
Payables	7.1	79	104
Employee benefits	2.5	725	999
Lease liabilities	7.2	23,339	–
Provisions	7.4	700	339
<b>Total non-current liabilities</b>		<b>24,843</b>	<b>1,442</b>
<b>Total liabilities</b>		<b>30,721</b>	<b>6,948</b>
<b>Net assets</b>		<b>16,291</b>	<b>13,468</b>
<b>Equity</b>			
Retained earnings		14,274	11,451
Contributed capital		2,017	2,017
<b>Total equity</b>	<b>8.1</b>	<b>16,291</b>	<b>13,468</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the participating jurisdictions as owners.

## Statement of changes in equity

For the year ended 30 June 2020

	Note	Contributed capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018		2,017	8,325	10,342
Net result for 2018-2019		–	3,126	3,126
<b>Total comprehensive result for 2018-2019</b>		<b>–</b>	<b>3,126</b>	<b>3,126</b>
<b>Balance at 30 June 2019</b>		<b>2,017</b>	<b>11,451</b>	<b>13,468</b>
Changes in accounting policy on adoption of AASB 16		–	221	221
<b>Adjusted balance at 1 July 2019</b>		<b>2,017</b>	<b>11,672</b>	<b>13,689</b>
Net result for 2019-2020		–	2,602	2,602
<b>Total comprehensive result for 2019-2020</b>		<b>–</b>	<b>2,602</b>	<b>2,602</b>
<b>Balance at 30 June 2020</b>	<b>8.1</b>	<b>2,017</b>	<b>14,274</b>	<b>16,291</b>

The accompanying notes form part of these financial statements. All changes in equity are attributable to the participating jurisdiction as owners.

## Statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Receipts from participating jurisdictions		27,882	29,812
Sales of goods and services		661	1,099
Other receipts		4,279	–
Interest received		173	190
GST recovered from the ATO		1,060	411
Receipts for paid parental leave scheme		27	–
<b>Cash generated from operations</b>		<b>34,082</b>	<b>31,512</b>
<b>Cash outflows</b>			
Employee benefits payments		(19,053)	(17,608)
Payments for supplies and services		(10,281)	(9,814)
Payments for paid parental leave scheme		(25)	–
Interest paid		(186)	–
<b>Cash used in operations</b>		<b>(29,545)</b>	<b>(27,422)</b>
<b>Net cash provided by operating activities</b>		<b>4,537</b>	<b>4,090</b>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(5,431)	(124)
Purchase of intangibles		(149)	(462)
<b>Cash used in investing activities</b>		<b>(5,580)</b>	<b>(586)</b>
<b>Net cash used in investing activities</b>		<b>(5,580)</b>	<b>(586)</b>
<b>Cash flows from financing activities</b>			
Repayment of leases		(652)	–
<b>Cash used in financing activities</b>		<b>(652)</b>	<b>–</b>
<b>Net cash used in financing activities</b>		<b>(652)</b>	<b>–</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,695)</b>	<b>3,504</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>17,127</b>	<b>13,623</b>
<b>Cash and cash equivalents at the end of the period</b>	6.1	<b>15,432</b>	<b>17,127</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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# Notes to the financial statements

For the year ended 30 June 2020

## 1 About the Australian Energy Market Commission

The Commission is a body corporate established under South Australian law.

The Commission does not control any other entity and has no interests in unconsolidated structured entities.

The Commission has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The objectives and activities of the Commission are detailed in note 1.2.

Additionally, since March 2018, the Commission continues to administer resources on behalf of the Energy Security Board ("ESB"). The ESB was established by the COAG Energy Council to coordinate the implementation of the reform blueprint produced by Australia's Chief Scientist, Dr Alan Finkel AO. The ESB will also provide whole-of-system oversight for energy security and reliability to drive better outcomes for consumers. The ESB Board comprises the independent Chair and Deputy Chair, together with the Chairs of the Australian Energy Market Commission, the Australian Energy Regulator, and the Chief Executive Officer and Managing Director of the Australian Energy Market Operator.

Transactions and balances relating to these administered resources are not recognised as the Commission's income, expenses, cash inflows or cash outflows, assets or liabilities. They are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities under note 12.

### 1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*,
- South Australian Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the provisions of the *Public Finance and Audit Act 1987*, and
- relevant Australian Accounting Standards (with reduced Disclosure Requirements).

For the 2019-2020 financial statements the Commission adopted *AASB 15- Revenue from Contracts with Customers*, *AASB 16 - Leases* and *AASB 1058 - Income of Not-for-Profit Entities*. Further information is provided in note 9.

The Commission has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Commission is a not-for-profit entity. The Commission applies Tier 2 Australian Accounting Standards reporting requirements.

The financial statements are prepared on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable, and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

The Commission is not subject to income tax. The Commission is liable for payroll tax, fringe benefits tax and goods and services tax (GST).

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

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# Notes to the financial statements

For the year ended 30 June 2020

## 1.2 Objectives and activities

### Objectives

The Australian Energy Market Commission (“the Commission”) was established on 22 July 2004 pursuant to the *Australian Energy Market Commission Establishment Act 2004 (South Australia)*. The Commission operates in Australia from a single office in Sydney, NSW.

The Commission’s key functions under the AEMC Establishment Act, the National Electricity Law, National Gas Law, and the National Energy Retail Law, are to:

- a) consider rule change requests and make rule determinations,
- b) conduct market reviews on request of the Ministerial Council on Energy (“MCE”), or on the AEMC’s own initiative, and
- c) provide advice on request from the MCE.

### Activities

The Commission undertakes the following activities:

- a) make and revise the energy rules,
- b) undertake reviews and provides advice to governments and others on improvements to regulatory and energy market arrangements,
- c) responsible for developing electricity guidelines and standards together with the Reliability Panel, and
- d) undertake major projects which may involve a combination of reviews and rule changes conducted over an extended period of time.

## 1.3 Economic dependency

The continued existence of the Commission in its present form is dependent on Government policy in each of the jurisdictions who fund the Commission, and the Commonwealth Government. The Commission is unable to borrow funds and retains capital and cash reserves sufficient to meet the majority of its liabilities and unrecognised contractual commitments.

To assist with revenue certainty, in December 2019 the Council of Australian Governments’ Energy Council advised the approval of funding of \$31.633m for 2020-2021.

## 2 Commissioners, committees and employees

### 2.1 Key management personnel

Key management personnel of the authority include the Commissioners, the Chief Executive and six members of the Executive Leadership Team who have responsibility for the strategic direction and management of the Commission.

Total compensation for the Commission’s key management personnel is \$5,079,000 (2019: \$4,281,000) paid during the financial year.

### Transactions with key management personnel and other related parties

The Commission is a statutory authority established pursuant to the *Australian Energy Market Commission Establishment Act 2004 (SA)*.

The Commission is not owned or controlled by the South Australian Government. Related parties of the Commission include all key management personnel, their close family members and any entities controlled by those persons.

There were no other transactions with key management personnel or other related parties during the financial year.

## Notes to the financial statements

For the year ended 30 June 2020

### 2.2 Commissioners

The following persons held the position of Commissioner during the financial year:

John Pierce (Chair)

Allison Warburton

Charles Popple

Merryn York (appointed 25 August 2019)

Michelle Shepherd

#### Remuneration of Commissioners

The number of Commissioners whose remuneration received or receivable falls within the following bands:	2020 No	2019 No
\$240,000 – \$259,999	1	–
\$260,000 – \$279,000	–	2
\$300,000 – \$319,999	–	1
\$320,000 – \$339,999	3	1
\$600,000 – \$619,999	–	1
\$619,999 – \$639,999	1	–
<b>Total number of Commissioners</b>	<b>5</b>	<b>5</b>

Remuneration of Commissioners reflects all costs of performing Commission member duties including sitting fees, salaries and wages, superannuation contributions, salary sacrifice benefits and fringe benefits and any net fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by Commissioners for the year was \$1,881,000 (2019: \$1,806,000).

### 2.3 Committee members

#### Remuneration of committee members

Committee Members during the 2019-2020 financial year were:

##### Reliability Panel

Charles Popple (Chair)

##### Audit and Risk Management Committee (ARMC)

Jane Byrne (Chair, appointed 31 December 2019)

Jim Mitchell (Chair, retired 31 December 2019)

Allison Warburton

David Pendleton (appointed 1 January 2020)

The number of ARMC members whose remuneration received or receivable falls within the following bands:	2020 No	2019 No
\$0 – \$19,999	3	2
<b>Total number of members</b>	<b>3</b>	<b>2</b>

Remuneration of ARMC members reflects all costs of performing ARMC member duties including sitting fees, salaries and wages, superannuation contributions, salary sacrifice benefits and fringe benefits and any net fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by ARMC members for the year was \$43,000 (2019: \$21,000).

## Notes to the financial statements

For the year ended 30 June 2020

### 2.4 Employee benefits expense

	2020 \$'000	2019 \$'000
Salaries and wages	15,720	14,282
Long service leave	(31)	291
Annual leave	1,080	1,200
Employment on-costs – superannuation	1,540	1,324
Payroll and Fringe Benefits Tax	1,119	932
Relocation expenses	9	7
<b>Total employee benefit expenses</b>	<b>19,437</b>	<b>18,036</b>

Employees are appointed under common law contracts and are not employees under the South Australian *Public Sector Act 2009*. Commissioners are appointed by the Governor of South Australia on the recommendation of the Minister following nomination by the Ministerial Council on Energy or the Commonwealth as appropriate in accordance with the *Australian Energy Market Establishment Act 2004 (SA)*.

Employee benefits expenses include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

#### Employment on-costs superannuation

The superannuation employment on-cost represents the contributions made by the Commission to the superannuation plan in respect of current services of current Commission staff.

#### Employee remuneration

The number of employees whose remuneration received or receivable falls within the following bands:

	2020 No	2019 No
\$151,000 – \$154,000*	N/A	2
\$154,001 – \$174,000	5	5
\$174,001 – \$194,000	6	3
\$194,001 – \$214,000	4	12
\$214,001 – \$234,000	15	10
\$234,001 – \$254,000	3	1
\$254,001 – \$274,000	1	–
\$274,001 – \$294,000	3	2
\$294,001 – \$314,000	1	1
\$314,001 – \$334,000	2	1
\$334,001 – \$354,000	1	1
\$354,001 – \$374,000	–	1
\$414,001 – \$434,000	1	–
\$474,001 – \$494,000	–	1
\$574,001 – \$594,000	1	–
<b>Total number of employees</b>	<b>43</b>	<b>40</b>

## Notes to the financial statements

For the year ended 30 June 2020

\*This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-2019.

The total remuneration received by those employees for the year was \$10,153,000 (2019: \$8,969,000).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year, as established by the South Australia Department of Treasury and Finance. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any net fringe benefits tax paid or payable in respect of those benefits.

### 2.5 Employee benefits liability

	2020 \$'000	2019 \$'000
<b>Current</b>		
Accrued salaries and wages	445	313
Annual leave	1,096	831
Long service leave	156	22
<b>Total current employee benefits</b>	<b>1,697</b>	<b>1,166</b>
<b>Non-current</b>		
Long service leave	725	999
<b>Total non-current employee benefits</b>	<b>725</b>	<b>999</b>
<b>Total employee benefits</b>	<b>2,422</b>	<b>2,165</b>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

#### Salaries and wages, annual leave and personal/carer's leave

The liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for personal/carer's leave as all personal/carer's leave is non-vesting and the average personal/carer's leave taken in future years by employees is estimated to be less than the annual entitlement for personal/carer's leave.

#### Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

## 3 Expenses

Employee benefits expenses are disclosed in note 2.4.

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Commission will occur and can be reliably measured. Expenses have been aggregated according to their nature and have not been offset unless required or permitted by another accounting standard, or where offsetting reflects the substance of the transaction or other event.

## Notes to the financial statements

### For the year ended 30 June 2020

### 3.1 Supplies and services

	2020 \$'000	2019 \$'000
Property expenses <sup>^</sup>	1,066	1,685
Information technology expenses	1,421	1,345
Accounting, legal and audit expenses	353	307
Project contractor and consultancy expenses <sup>#</sup>	3,010	2,157
Other contractor and consultancy expenses	100	317
Project support expenses <sup>*</sup>	848	705
General office administration expenses	203	217
Low-value leases	10	–
Variable lease payments	205	–
Travel and accommodation expenses	648	845
Recruitment expenses	393	282
Staff training expenses	284	390
Other staff related expenses	204	169
<b>Total supplies and services</b>	<b>8,745</b>	<b>8,419</b>

<sup>^</sup>Includes \$1,356,000 of short-term lease payments for the current financial year. These leases relate to the Commission's former office accommodation and car parking spaces and the hire of art work. The difference between \$1,356,000 and \$1,066,000 primarily relates to other miscellaneous office overheads and the write off of the provision for make good for the Commission's former office accommodation.

Prior year includes operating lease payments (less any lease incentives) for the Commission's former office accommodation, which terminated on 31 March 2020. The lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets. These payments totalled \$1,188,000 for 2019 financial year. The lease payments are recognised as short-term leases for the current financial year under AASB16.

<sup>#</sup>Includes professional services such as economic advice, modelling, and legal advice directly related to project work on rule changes, market reviews and expert panels.

<sup>\*</sup>Includes stakeholder communication, venue hire, research data and statutory advertising directly related to project work on rule changes, market reviews and expert panels.

#### Consultants

The number and dollar amount paid/payable in total to each consultant that fell within the following bands:

	2020		2019	
	No.	\$'000	No.	\$'000
Below \$10,000	8	43	3	3
\$10,000 or above	30	3,012	19	2,084
<b>Total paid/payable to the consultants engaged</b>	<b>38</b>	<b>3,055</b>	<b>22</b>	<b>2,087</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 3.2 Depreciation and amortisation

	2020 \$'000	2019 \$'000
Plant and equipment	129	121
Right-of-use property, plant and equipment	995	–
Leasehold improvements	37	–
IT infrastructure	189	131
Intangible assets	364	162
<b>Total depreciation and amortisation</b>	<b>1,714</b>	<b>414</b>

All non-current assets with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

#### Useful life

Depreciation and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortisation are calculated over the estimated useful life as follows:

Class of assets	Useful life (years)
Plant and equipment	3-20
Leasehold improvements	10
Right-of-use property, plant and equipment	Lease term
Intangibles	4-5
IT infrastructure	3-5

#### Review of accounting estimates

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

### 3.3 Interest expense

	2020 \$'000	2019 \$'000
Interest expense on lease liabilities	142	–
<b>Total interest expense</b>	<b>142</b>	<b>–</b>

The Commission does not capitalise interest expense.

### 3.4 Net loss on disposal/write-off of non-current assets

	2020 \$'000	2019 \$'000
<b>Plant and equipment</b>		
Proceeds from disposal	–	–
Less net book value of assets disposed	104	5
<b>Net loss from write-off of plant and equipment</b>	<b>104</b>	<b>5</b>
<b>IT infrastructure</b>		
Proceeds from disposal	–	–
Less net book value of assets disposed	80	9
<b>Net loss from write-off of IT infrastructure assets</b>	<b>80</b>	<b>9</b>
<b>Intangible assets</b>		
Proceeds from disposal	–	–
Less net book value of assets disposed	3	–
<b>Net loss from write-off of intangible assets</b>	<b>3</b>	<b>–</b>
<b>Total assets</b>		
Total proceeds from disposal	–	–
Less total value of assets disposed	187	14
<b>Total net loss from disposal of assets</b>	<b>187</b>	<b>14</b>

Any loss on disposal of assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the written down value from the proceeds of the asset sale at the time.

## 4 Income

Income is recognised to the extent it is probable that the flow of economic benefits to the Commission will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

### 4.1 Contributions from participating jurisdictions

	2020 \$'000	2019 \$'000
Operational funding	30,862	28,889
<b>Total contributions from participating jurisdictions</b>	<b>30,862</b>	<b>28,889</b>

## Notes to the financial statements

For the year ended 30 June 2020

The Commission's funding is provided through contributions by the participating jurisdictions within the meaning of the National Electricity Law and the National Gas Law and the National Energy Retail Law. All jurisdictions' contributions to the Commission are expenses of the respective State and Territory Governments and are not inter-agency transactions.

Contributions are recognised as an asset and income when the Commission obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (i.e. the amount can be reliably measured and the flow of resources is probable).

Generally, the Commission has obtained control or the right to receive for:

- Contributions with unconditional stipulations – this will be when the agreement becomes enforceable i.e. the earlier of when the receiving entity has formally been advised that the contribution has been approved; agreement/contract is executed; and/or the contribution is received.
- Contributions with conditional stipulations – this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by the Commission have been contributions with unconditional stipulations attached and have been recognised as an asset and income in the period in which they are earned.

### 4.2 Sales of goods and services

All revenue from the sale of goods and services is revenue recognised from contracts with customers.

	2020 \$'000	2019 \$'000
Consulting services	–	106
Recovery for staff secondment costs	802	798
<b>Total sales of goods and services</b>	<b>802</b>	<b>904</b>

The Commission provides consulting services in respect of advice to the Commonwealth, as required, under fixed price contracts. Revenue is recognised upon completion of the contract when services have been rendered.

Provision of staff secondment to customers requires ongoing provision of services over the term of the agreement, for which recovery revenue is recognised over the time services are provided. This is because the employees' obligations are satisfied over time.

Payments are generally due on completion of the deliverable of consulting services, or monthly in arrears for ongoing provision of staff secondment services. Revenue has been allocated to the deliverable based on the agreed contract price, or recovery for the employment costs incurred and estimated on-costs if applicable in respect of the staff secondment services.

#### Contract balances

	30 June 2020 \$'000	1 July 2019 \$'000
<b>Receivables from contracts with customers, included in 'Receivables'</b>	<b>61</b>	<b>50</b>

Receivables from contracts relate to the Commission's rights to consideration for work completed in respect of the secondment contracts with the Energy Security Board, the NSW Department of Premier and Cabinet and the Australian Energy Market Operator.

## Notes to the financial statements

For the year ended 30 June 2020

### 4.3 Interest revenues

	2020 \$'000	2019 \$'000
Cash and cash equivalents	143	216
<b>Total interest revenue</b>	<b>143</b>	<b>216</b>

### 4.4 Other revenue

	2020 \$'000	2019 \$'000
Vacation fee	1,020	–
<b>Total other revenue</b>	<b>1,020</b>	<b>–</b>

On 5 July 2019, a Deed of Variation of Lease (“Variation Deed”) was executed between the landlords of the previous tenancy at 201 Elizabeth Street and the Commission to allow for an early termination (due to the landlords’ intention at that time of converting the office building into residential apartments). The Variation Deed provided the Commission with various alternative dates for early termination in exchange for an incentive payment (or otherwise known as a Vacation Fee). The Commission elected to early terminate the lease on 31 March and accordingly, was entitled to receive the above Vacation Fee. This was invoiced in March, but was only received on 2 July 2020.

## 5 Non-financial assets

### 5.1 Property, plant and equipment by asset class

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets that do not meet the definition of investment property.

	2020 \$'000	2019 \$'000
<b>Right-of-use property</b>		
Right-of-use property at cost	23,129	–
Accumulated depreciation at the end of the period	(964)	–
<b>Total right-of-use property</b>	<b>22,165</b>	<b>–</b>
<b>Leasehold improvements</b>		
Leasehold improvements at fair value	4,390	–
Accumulated depreciation at the end of the period	(37)	–
<b>Total leasehold improvements</b>	<b>4,353</b>	<b>–</b>
Work in progress	10	–
<b>Total leasehold improvements</b>	<b>4,363</b>	<b>–</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 5.1 Property, plant and equipment by asset class (continued)

	2020 \$'000	2019 \$'000
<b>Plant and equipment</b>		
Plant and equipment, at cost (deemed fair value)	546	759
Accumulated depreciation at the end of the period	(235)	(215)
<b>Total plant and equipment</b>	<b>311</b>	<b>544</b>
Work in progress	30	–
<b>Total plant and equipment and work in progress</b>	<b>341</b>	<b>544</b>
<b>Right-of-use plant and equipment</b>		
Right-of-use plant and equipment at cost	125	–
Accumulated depreciation at the end of the period	(32)	–
<b>Total right-of-use plant and equipment</b>	<b>93</b>	<b>–</b>
<b>IT infrastructure</b>		
IT infrastructure, at cost (deemed fair value)	1,258	916
Accumulated depreciation at the end of the period	(395)	(643)
<b>Total IT infrastructure</b>	<b>863</b>	<b>273</b>
Work in progress	–	34
<b>Total IT infrastructure and work in progress</b>	<b>863</b>	<b>307</b>
<b>Total property, plant and equipment</b>	<b>27,825</b>	<b>851</b>

### 5.2 Property, plant and equipment owned by the Commission

Property, plant and equipment owned by the Commission with a value equal to or in excess of \$2,000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Commission is recorded at fair value. Detail about the Commission's approach to fair value is set out in note 11.2.

All property, plant and equipment assets are classified as a level 2 asset for the purposes of the fair value hierarchy.

#### Impairment

Plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

## Notes to the financial statements

### For the year ended 30 June 2020

#### Reconciliation 2019-2020

	Leasehold improvements \$'000	Plant and equipment \$'000	IT infrastructure \$'000	Total \$'000
<b>Carrying amount at 1 July 2018</b>	–	<b>104</b>	<b>307</b>	<b>411</b>
Acquisitions	–	566	106	672
Disposals/write-offs	–	(12)	(207)	(219)
Depreciation adjustment for write-offs	–	7	198	205
Depreciation	–	(121)	(131)	(252)
<b>Carrying amount at 30 June 2019</b>	–	<b>544</b>	<b>273</b>	<b>817</b>
Work in progress	–	–	34	34
<b>Closing balance at 30 June 2019</b>	–	<b>544</b>	<b>307</b>	<b>851</b>
Acquisitions	4,390	–	859	5,249
Transferred from work in progress	–	–	(34)	(34)
Disposals/write-offs	–	(213)	(517)	(730)
Depreciation adjustment for write-offs	–	109	437	546
Depreciation	(37)	(129)	(189)	(355)
<b>Carrying amount at 30 June 2020</b>	<b>4,353</b>	<b>311</b>	<b>863</b>	<b>5,527</b>
Work in progress	10	30	–	40
<b>Closing balance at 30 June 2020</b>	<b>4,363</b>	<b>341</b>	<b>863</b>	<b>5,567</b>

### 5.3 Property, plant and equipment leased by the Commission

Property, plant and equipment leased by the Commission is recorded at cost. Additions to leased property, plant and equipment during 2019-2020 were \$23,253,000.

Short term leases of 12 months or less and low value leases where the underlying asset value is less than \$15,000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 3.1.

The Commission's lease, for the former main office, with Perpetual Trustee Company Limited and Perron Investments Pty Limited was early terminated on 31 March 2020. The lease was recognised as a short-term lease as the remaining term of the lease was less than 12 months from 1 July 2019, on adoption of AASB16.

The Commission has a limited number of leases:

- a lease of 2,105.2 square metres for the current office premises with Dexus CPA Pty Ltd in Sydney CBD. The lease commenced from 1 February 2020 for a term of 10 years with an option to renew for another 5 years.
- 3 car parking spaces with a 10-year lease term, with Dexus CPA Pty Ltd, commenced from 1 February 2020.
- 8 HP printers with a 5 year lease term, with Data#3, installed in the office premise from 1 March 2020.
- Office telephone handsets with a 3 year lease term (expiring on 11 March 2021), with Aurilo Communications.

The lease liabilities relating to the right-of-use assets are disclosed in note 7.2. The Commission's maturity analysis of its lease liabilities is disclosed in note 11.3. Expenses relating to leases, including depreciation and interest expenses, are disclosed in note 3. Cashflows relating to leases are disclosed in note 8.2.

## Notes to the financial statements

For the year ended 30 June 2020

### Impairment

Property, plant and equipment leased by the Commission has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

### 5.4 Intangible assets

	2020 \$'000	2019 \$'000
Computer software, at cost (deemed fair value)	2,972	4,056
Accumulated amortisation	(1,888)	(2,754)
<b>Total intangible assets</b>	<b>1,084</b>	<b>1,302</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The acquisition of, or internal development of software is capitalised when the expenditure meets the definition criteria and recognition criteria and when the amount of the expenditure is greater than or equal to \$2,000.

The useful lives of intangible assets are assessed to be either finite or indefinite. The Commission only has intangible assets with finite lives. The amortisation period and the amortisation method for intangible assets are reviewed on an annual basis.

All intangible assets are classified as a level 2 asset for the purposes of the fair value hierarchy.

### Impairment

There were no indications of impairment on intangible assets at 30 June 2020.

### Reconciliation 2019-2020

	2020 \$'000	2019 \$'000
<b>Reconciliation of computer software</b>		
Carrying amount at 1 July	1,302	349
Acquisitions	149	1,115
Disposals/write-offs	(1,233)	(129)
Amortisation adjustment for write-offs	1,230	129
Amortisation	(364)	(162)
<b>Carrying amount at 30 June</b>	<b>1,084</b>	<b>1,302</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 6 Financial assets

#### 6.1 Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash at bank and on hand	8,272	10,296
Short-term deposits	7,160	6,831
<b>Total cash and cash equivalents</b>	<b>15,432</b>	<b>17,127</b>

Cash and cash equivalents include cash at bank and cash on hand and in other short-term, highly liquid investments with maturities of six months or less that are readily converted to cash and which are subject to insignificant risk in changes in value.

Cash is measured at nominal value.

##### Short-term deposits

Short-term deposits are made for varying periods of three months and six months. The deposits are lodged with the ANZ bank and earn interest at the respective short-term deposit rates.

#### 6.2 Receivables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Interest receivable	36	67
Prepayments	642	641
GST input tax recoverable	265	378
Other receivables	1,728	50
<b>Total receivables</b>	<b>2,671</b>	<b>1,136</b>

Receivables are generally settled within 30 days after issue of an invoice or the goods and services have been provided under a contractual arrangement. Collectability of receivables is reviewed on an on-going basis.

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

Refer to note 11.3 for further information on risk management.

### 7 Liabilities

Employee benefits liabilities are disclosed in note 2.5.

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

## Notes to the financial statements

For the year ended 30 June 2020

### 7.1 Payables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Creditors	9	119
Accrued expenses	964	794
Employment on-costs	251	171
Paid parental leave scheme payable	1	–
<b>Total current payables</b>	<b>1,225</b>	<b>1,084</b>
<b>Non-current</b>		
Employment on-costs	79	104
<b>Total non-current payables</b>	<b>79</b>	<b>104</b>
<b>Total payables</b>	<b>1,304</b>	<b>1,188</b>

Payables and accruals are raised for all amounts owing but unpaid. Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received at the end of the reporting period.

All payables are non-interest bearing. All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received. The carrying amount of payables represents fair value due to their short-term nature.

#### Employment on-costs

Employee benefit on-costs include payroll tax, workers compensation levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The Commission contributes to several externally managed superannuation schemes on behalf of employees. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid.

As a result of an actuarial assessment performed by the SA Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate (41%) to 2020 rate (42%) and the average factor for the calculation of employer superannuation cost on-costs has remain unchanged from the 2019 rate (9.8%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of and employee benefits expense of \$1,000. The estimated impact on 2020 and 2019 is \$330,000 and \$275,000 respectively.

#### Paid parental leave scheme

The paid parental leave scheme payable represents amounts which the Commission has received from the Commonwealth Government to forward onto eligible employees via the Commission's standard payroll processes. That is, the Commission is acting as a conduit through which the payment to eligible employees is made on behalf of the Department of Human Services.

## Notes to the financial statements

### For the year ended 30 June 2020

#### 7.2 Lease liabilities

	Note	2020 \$'000	2019 \$'000
Current lease liabilities		2,408	–
Non-current lease liabilities		23,339	–
<b>Total lease liabilities</b>	<b>5.3</b>	<b>25,747</b>	<b>–</b>

The Commission measures lease liabilities at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above.

#### 7.3 Other liabilities

	2020 \$'000	2019 \$'000
<b>Current</b>		
Unearned revenue	53	3,033
Deferred lease incentive	–	223
Lease incentive liability	495	–
<b>Total other liabilities</b>	<b>548</b>	<b>3,256</b>

Deferred lease incentive on the previous tenancy has been written off against retained earnings on transition of AASB 16.

#### 7.4 Provisions

	2020 \$'000	2019 \$'000
<b>Non-current</b>		
Provision for make good	700	339
<b>Total non-current provisions</b>	<b>700</b>	<b>339</b>
<b>Reconciliation of provision for make good</b>		
Carrying amount at the beginning of the period	339	338
Provision to make good leasehold premises	700	1
Provision written off	(339)	–
<b>Carrying amount at end of the period</b>	<b>700</b>	<b>339</b>

Provisions are recognised when the Commission has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability. The Commission has no requirement to recognise a workers compensation provision as workplace injuries are insured through iCare insurance (NSW), Zurich (ACT), WorkCover (QLD), EML (VIC), Allianz West (WA) and ReturntoWorkSA (SA).

## Notes to the financial statements

For the year ended 30 June 2020

### Provision for make good

The Commission has recognised a provision for make good as a result of its obligation to return refurbished leasehold improvements to their original condition at the end of its operating lease for the current office premises. In accordance with AASB 16 *Leases*, the provision for make good on the current office premises has been recognised as part of the right-of-use property, whilst the provision for makegood on the previous tenancy has been written off.

## 8 Other disclosures

### 8.1 Equity

	2020 \$'000	2019 \$'000
<b>Contributed capital</b>		
New South Wales	750	750
Victoria	556	556
Queensland	432	432
South Australia	173	173
Tasmania	54	54
Australian Capital Territory	36	36
Western Australia	14	14
Northern Territory	2	2
<b>Total contributed capital</b>	<b>2,017</b>	<b>2,017</b>
<b>Retained earnings</b>	<b>14,274</b>	<b>11,451</b>
<b>Total equity</b>	<b>16,291</b>	<b>13,468</b>

The Ministerial Council on Energy Standing Committee of Officials meeting of 7th December 2006 approved the maintenance of a Capital reserve to meet any adverse funding situation or unexpected cash flows. Each State and Territory provided their portion of the funds for the Capital reserve which is intended to be retained by the Commission for its lifetime or until such time as sufficient reserves have been created through annual surpluses.

### 8.2 Cash flow

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

#### Leases

	2020 \$'000	2019 \$'000
Property, plant and equipment	903	–
<b>Total cash outflow for leases</b>	<b>903</b>	<b>–</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 9 Changes in accounting policy

#### 9.1 AASB 16 Leases

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted in adjustments to the amounts recognised in the financial statements:

- AASB 117 *Leases* only requires the recognition of an asset and liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position.
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* replaces this with a depreciation expense that represents the use of the right-of-use asset and an interest expense that represent the cost associated with financing the right-of-use asset.

#### Impact on retained earnings

The total impact on the Commission's retained earnings as at 1 July 2019 is as follows:

	\$'000
<b>Closing retained earnings 30 June 2019 – AASB 117</b>	11,451
<b>Assets</b>	
Property, plant and equipment	44
<b>Liabilities</b>	
Lease liabilities	(46)
Other liabilities – reversal of deferred rent at previous tenancy	223
<b>Opening retained earnings 1 July 2019 – AASB 16</b>	<b>11,672</b>

#### Accounting policies on transition

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The Commission has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020.
- leases with terms ended by 30 June 2020 are expensed and disclosed as short-term leases.

## Notes to the financial statements

For the year ended 30 June 2020

### Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 16. These requirements are reflected in the Commission's accounting policies as follows:

- Right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15,000 or less, nor for short-term leases, being those with a lease term of 12 months or less.
- The Commission, in the capacity of a lessee, does not include non-lease components in lease amounts.
- Right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

### 9.2 AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised as an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

The Commission has adopted AASB 15 on 1 July 2019 with no effect on the financial statements for the year ended 30 June 2020.

#### Accounting policies on transition

The Commission has adopted AASB 15 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Commission has on transition:

- not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards
- elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor so this is expected to have little impact on the financial statements.

### Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the Commission's accounting policies as follows:

- AASB 15 is applied to a portfolio of contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the department would have recognised is one year or less.
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the Commission's performance completed to date.

Significant accounting policies relate to the application of AASB 15 are disclosed under relevant notes.

### 9.3 AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058

## Notes to the financial statements

For the year ended 30 June 2020

supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

The Commission has adopted AASB 1058 on 1 July 2019 with no effect on the financial statements for the year ended 30 June 2020.

### Accounting policies on transition

On transition, there was no impact on retained earnings.

## 9.4 Presentation of Financial Statements

*Treasurer's Instructions (Accounting Policy Statements)* issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from various participating jurisdictions.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Commission. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

## 10 Outlook

### 10.1 Unrecognised contractual commitments

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources are disclosed at their nominal value.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office. If GST is not payable to, or recoverable from, the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

#### Capital commitments

	2020 \$'000	2019 \$'000
<b>Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:</b>		
Within one year	12	64
<b>Total capital commitments</b>	<b>12</b>	<b>64</b>

#### Expenditure commitments

	2020 \$'000	2019 \$'000
Within one year	2,655	2,080
Later than one year but not longer than five years	70	229
<b>Total commitments – other</b>	<b>2,725</b>	<b>2,309</b>

The Commission's other commitments are for agreements for provision of services.

## Notes to the financial statements

For the year ended 30 June 2020

### Operating lease commitments

	2020 \$'000	2019 \$'000
<b>Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</b>		
Within one year	–	1,239
More than one year but not later than five years	–	322
Later than five years	–	–
<b>Total operating lease commitments</b>	<b>–</b>	<b>1,561</b>
<b>Representing:</b>		
Non-cancellable operating leases	–	1,561
<b>Total operating lease commitments</b>	<b>–</b>	<b>1,561</b>

Operating lease commitment is provided for the comparative year only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee. The comparative year relates to the Commission's lease of its former office accommodation.

### 10.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

The Commission is not aware of any contingent assets and liabilities.

### 10.3 Events after reporting period

There are no events occurring after 30 June that have a material financial implication on the financial statements.

## 11 Measurement and risk

### 11.1 Long service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the SA Department of Treasury has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data across South Australian Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience, known applications for leave and notification from employees of their intention to take leave.

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## Notes to the financial statements

For the year ended 30 June 2020

The actuarial assessment performed by the South Australia Department of Treasury and Finance have reduced the salary inflation rate to 2.5% from 30 June 2019 (which was 4%) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$85,000 and a decrease in the employee benefits expense of \$99,000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

### 11.2 Fair value

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

#### Initial recognition

Non-current tangible assets are initially recorded at cost plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation. All non-current tangible assets with a value equal to or in excess of \$2,000 are capitalised.

#### Revaluation of non-current assets

All non-current assets are valued at written down current cost (a proxy for fair value); and revaluation of non-current tangible assets or group of assets is only performed when its fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years. No revaluation was performed for the year ended 30 June 2020 as the Commission did not have non-current assets which met the revaluation criteria.

#### Impairment

All non-current tangible and intangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and depreciated replacement cost. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

### 11.3 Financial instruments

#### Financial risk management

Risk management is managed by the Commission's corporate services and legal sections and risk management policies are in accordance with ISO 31000 – International Standard for Risk Management – Principles and guidelines.

#### Liquidity risk

The Commission is funded principally from contributions by the Jurisdictions. On an annual basis, the Commission submits its annual budget together with a 3 year forward estimate to the COAG Energy Council for approval.

#### Categorisation of financial instruments

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability, are disclosed in the respective financial asset / financial liability note.

#### Classification of financial instruments

The Commission measures all financial instruments at amortised cost.

## Notes to the financial statements

### For the year ended 30 June 2020

#### Categorisation analysis of financial assets and liabilities

Category of financial asset and financial liability	Notes	2020 Carrying amount/ fair value (\$'000)	2019 Carrying amount/ fair value (\$'000)
<b>Financial assets</b>			
Cash and cash equivalents	6.1	15,432	17,127
<b>Financial assets at amortised cost</b>			
Receivables (1), (2)	6.2	1,764	117
<b>Total financial assets</b>		<b>17,195</b>	<b>17,244</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
Payables (1)	7.1	641	626
Lease liabilities	7.2	25,747	–
<b>Total financial liabilities</b>		<b>26,388</b>	<b>626</b>

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, Commonwealth tax etc. they would be excluded from the disclosure. The standard defines 'contract' as enforceable by law. All amounts recorded are carried at cost.

(2) Receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

## Notes to the financial statements

For the year ended 30 June 2020

### 12 Disclosure of administered items

Since March 2018, the Commission continues to administer resources on behalf of the ESB. Refer to note 1 for further details.

Transactions and balances relating to these administered resources are not recognised as the Commission's income, expenses, cash inflows or cash outflows, assets or liabilities. They are recognised as administered income, expenses, cash inflows, cash outflows, assets or liabilities.

As at the time of reporting, there were sufficient funds administered on behalf of the ESB to meet its commitments/ obligations in respect of the administered resources as and when they fall due.

	2020 \$'000	2019 \$'000
<b>Administered income</b>		
Contributions from the Commonwealth	1,146	4,608
Interest revenue	14	34
<b>Total administered income</b>	<b>1,160</b>	<b>4,642</b>
<b>Administered expenses</b>		
Secondment fees	880	1,199
Supplies and services	3,355	2,529
Depreciation	1	–
<b>Total administered expenses</b>	<b>4,236</b>	<b>3,728</b>
<b>Net result</b>	<b>(3,076)</b>	<b>914</b>
<b>Administered current assets</b>		
Cash	1,380	4,441
Plant and equipment	2	3
<b>Total administered assets</b>	<b>1,382</b>	<b>4,444</b>
<b>Administered current liabilities</b>		
Accrued expenses – due to the AEMC	47	33
<b>Total administered liabilities</b>	<b>47</b>	<b>33</b>
<b>Net administered assets</b>	<b>1,335</b>	<b>4,411</b>
<b>Administered equity</b>		
Retained earnings	1,335	914
<b>Total administered equity</b>	<b>1,335</b>	<b>914</b>
<b>Changes in equity</b>		
Balance at 1 July	4,411	3,497
Net result	(3,076)	914
<b>Balance at 30 June</b>	<b>1,335</b>	<b>4,411</b>

## Notes to the financial statements

For the year ended 30 June 2020

### 12 Disclosure of administered items (continued)

	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>		
<b>Cash inflows</b>		
Contributions from the Commonwealth	1,146	4,608
Interest received	14	34
<b>Total administered income</b>	<b>1,160</b>	<b>4,642</b>
<b>Cash outflows</b>		
Secondment fees	(841)	(1,101)
Payments for supplies and services	(3,380)	(2,769)
<b>Total administered expenses</b>	<b>(4,221)</b>	<b>(3,870)</b>
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(3,061)</b>	<b>772</b>
<b>Net (decrease)/increase in cash</b>	<b>(3,061)</b>	<b>772</b>
<b>Cash at 1 July</b>	<b>4,441</b>	<b>3,669</b>
<b>Cash at 30 June</b>	<b>1,380</b>	<b>4,441</b>

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# Statutory reports



## Statutory reports

### MCE statements of policy principles

There are currently no statements of policy principles made by the Ministerial Council on Energy<sup>1</sup>.

### External consultants

The AEMC supplements its own resources with consultants. In 2019-2020 the total amount expended was \$3.1m.

#### External consultants – spending bands

Number and dollar amount of consultancies that fell within the following	No.	2019-2020 \$000
Below \$10,000	8	43
Above \$10,000	30	3,012
<b>Total</b>	<b>38</b>	<b>3,055</b>

#### External consultants – project descriptions

Company	Project description
Allens	Provision of legal advice on rule change, review and corporate projects
Arup Australian Advisory & Digital	Advice on obligations on DNSPs relating to shared fusing for the <i>Introduction of metering coordinator planned interruptions</i> rule change request.
Axiom Economics	Advice on auction product design for <i>DWGM improvements to AMDQ regime</i>
Ayrton Consulting	Provision of advice on AEMC drafting guidelines
Cambridge Economic Policy Associates	Assessment of the feasibility of strengthening the incentives and/or obligations on DNSPs to increase export capacity where it enhances system-wide net benefits for rule changes relating to distribution access and pricing reforms; advice for the COGATI review
Creative Energy Consulting	Drafting of papers setting out design options and principles for the COGATI review
Deloitte Touche Tohmatsu	Assessment of participant costs and capability for <i>Delayed implementation of five minute and global settlement</i>
DGA Consulting	International comparison review of system security risks from non-traditional contingency events for the review of the system black event in South Australia
eGloo Technologies	IT workshop on technology platform
GHD	Assessment of the option of redefining contingency event for the review of the system black event in South Australia; advice on technical regulation and design and performance standards for stand-alone power systems; identification of proposed revisions to the generator compliance template
GVK Consulting	Internal governance and human resources
King & Wood Mallesons	Provision of legal advice on rule change, review and corporate projects
Korn Ferry	Strategy workshop facilitation
KPMG Middle Market Advisory	Advice for the COGATI review

<sup>1</sup> The Ministerial Council on Energy (MCE) is referenced in the AEMC's governing legislation and is a legally enduring body comprising the federal, state and territory ministers responsible for energy. On 1 July 2011 the MCE was amalgamated with the Ministerial Council on Mineral and Petroleum Resources and renamed the Standing Council on Energy and Resources (SCER). In December 2013 COAG established the COAG Energy Council as part of a decision to streamline the COAG council system and refocus it on COAG's priorities. In June 2020 the COAG Energy Council was superseded by the Energy National Cabinet Reform Committee.

Company	Project description
Houston Kemp Economists	Advice on the design of a price setting mechanism for <i>Updating the regulatory framework for distributor-led stand alone power systems</i> ; report on the potential likelihood that publishing information on generators' availability at a unit level would increase the risk of coordinated market power or collusion, for <i>Improving transparency and extending duration of MT PASA</i>
HWL Ebsworth Lawyers	Property law advice
Incenta Economic Consulting	Advice on an access regime for third-party stand-alone power systems
Johnson Winter & Slattery Lawyers	Provision of legal advice on rule change, review and corporate projects
Lee Hecht Harrison	Professional skills development
List A Barristers	Provision of legal advice on rule change, review and corporate projects
List G Barristers	Provision of legal advice on rule change, review and corporate projects
Mercer	Internal governance and human resources
Minter Ellison Lawyers	Provision of legal advice on rule change, review and corporate projects
Monash University	Analysis relating to the impacts of the proposed transmission access model for the COGATI review
Montlaur Project Services	Office relocation services
NERA Economic Consulting	Quantitative analysis of the proposed transmission access model for the COGATI review
Newgate Research	Qualitative and quantitative stakeholder research
PricewaterhouseCoopers	Provision of internal audit services and advice on taxation obligations
Renascent Australia	Office relocation services
Regulatory Economics	Consumer protection frameworks for new energy products and services
Saratoga Associates	Assessment of the potential implications of removing the need to inject to protect against the risk of congestion uplift payments for <i>DWGM simpler wholesale price</i> ; report on how to introduce separate, tradable entry and exit AMDQ rights for DWGM improvement to AMDQ regime
Seaton Legal	Provision of legal advice on rule change, review and corporate projects
Seyfarth Shaw	Employment law advice
Spire Workplace Health	Work health and safety services.
Svenson Barristers	Provision of legal advice on rule change, review and corporate projects
Todd Davies & Associates	Review of governance, risk and audit arrangements
The University of Melbourne	Consulting services to support the review of the system black event in South Australia

## AEMO's use of powers of direction

A report of the AEMC under section 27 of the *Australian Energy Market Commission Establishment Act 2004 (SA)* must include a report on AEMO's use of powers of direction. AEMO can direct registered participants to undertake actions that are in AEMO's view necessary to help deliver power system security. A registered participant who is subject to a direction from AEMO may be entitled to compensation for complying with the direction. AEMO can also issue instructions to any registered participants. Participants complying with an instruction are not able to obtain compensation. The directions below were issued by AEMO between 1 July 2019 and 30 June 2020 in relation to power system security under clause 4.8.9(a) of the National Electricity Rules (NER).

### 1

Between 5 July 2019 and 13 July 2019, AEMO issued 8 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 05 July 2019 and 14:00 hrs on 06 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 05 July 2019 and 06:30 hrs on 07 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 05 July 2019 and 06:00 hrs on 07 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 06 July 2019 and 14:30 hrs on 07 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 09 July 2019 and 17:00 hrs on 10 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 10 July 2019 and 17:00 hrs on 11 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 11 July 2019 and 07:00 hrs on 12 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 12 July 2019 and 16:00 hrs on 13 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 2

Between 14 July 2019 and 23 July 2019, AEMO issued 9 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:30 hrs on 14 July 2019 and 06:30 hrs on 15 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:30 hrs on 19 July 2019 and 17:00 hrs on 20 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:30 hrs on 19 July 2019 and 14:30 hrs on 21 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 20 July 2019 and 14:30 hrs on 21 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 21 July 2019 and 15:00 hrs on 22 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:30 hrs on 21 July 2019 and 15:30 hrs on 22 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 22 July 2019 and 07:00 hrs on 23 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 22 July 2019 and 07:00 hrs on 23 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 22 July 2019 and 15:30 hrs on 23 July 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 3

Between 9 August 2019 and 11 August 2019, AEMO issued 3 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 18:00 hrs on 09 August 2019 and 14:30 hrs on 10 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:10 hrs on 10 August 2019 and 08:00 hrs on 11 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:10 hrs on 10 August 2019 and 08:00 hrs on 11 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 4

Between 17 August 2019 and 23 August 2019, AEMO issued 7 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 17 August 2019 and 16:30 hrs on 18 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 23:30 hrs on 19 August 2019 and 07:00 hrs on 20 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:30 hrs on 20 August 2019 and 14:33 hrs on 20 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 20 August 2019 and 14:30 hrs on 21 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 21 August 2019 and 06:00 hrs on 22 August 2019. The directed participant received

compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:16 hrs on 23 August 2019 and 18:30 hrs on 24 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:32 hrs on 23 August 2019 and 17:30 hrs on 24 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 5

Between 30 August 2019 and 7 September 2019, AEMO issued 6 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 30 August 2019 and 17:00 hrs on 31 August 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 31 August 2019 and 13:30 hrs on 01 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in

accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 05 September 2019 and 17:00 hrs on 06 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 05 September 2019 and 17:00 hrs on 06 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:00 hrs on 06 September 2019 and 17:30 hrs on 07 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:00 hrs on 06 September 2019 and 17:00 hrs on 07 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 6

Between 7 September 2019 and 8 September 2019, AEMO issued 2 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 22:00 hrs on 07 September 2019 and 17:00 hrs on 08 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 22:00 hrs on 07 September 2019 and 17:00 hrs on 08 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 7

Between 14 September 2019 and 21 September 2019, AEMO issued 3 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 14 September 2019 and 16:00 hrs on 15 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 18 September 2019 and 18:00 hrs on 19 September 2019. The directed participant received compensation for the provision of

energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 20 September 2019 and 16:30 hrs on 21 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 8

Between 21 September 2019 and 22 September 2019, AEMO issued 2 directions to participants in VIC to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 09:00 hrs on 21 September 2019 and 15:30 hrs on 21 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 07:00 hrs on 22 September 2019 and 14:30 hrs on 22 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 9

Between 21 September 2019 and 27 September 2019, AEMO issued 4 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 18:00 hrs on 21 September 2019 and 17:00 hrs on 22 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:00 hrs on 23 September 2019 and 08:05 hrs on 23 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 26 September 2019 and 17:00 hrs on 27 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:15 hrs on 26 September 2019 and 15:00 hrs on 27 September 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 10

Between 30 September 2019 and 6 October 2019, AEMO issued 11 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 19:00 hrs on 30 September 2019 and 14:00 hrs on 01 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 11:00 hrs on 01 October 2019 and 14:30 hrs on 02 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 20:00 hrs on 01 October 2019 and 14:30 hrs on 02 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 06:45 hrs on 02 October 2019 and 15:00 hrs on 02 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 03 October 2019 and 16:00 hrs on 04 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 03 October 2019 and 08:30 hrs on 04 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 04 October 2019 and 15:30 hrs on 06 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:25 hrs on 04 October 2019 and 18:30 hrs on 05 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:30 hrs on 04 October 2019 and 18:30 hrs on 05 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:35 hrs on 04 October 2019 and 19:05 hrs on 05 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:15 hrs on 05 October 2019 and 14:00 hrs on 06 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 11

Between 7 October 2019 and 19 October 2019, AEMO issued 5 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 09:30 hrs on 07 October 2019 and 17:00 hrs on 07 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:30 hrs on 07 October 2019 and 13:30 hrs on 08 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 12 October 2019 and 14:30 hrs on 13 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 17 October 2019 and 17:00 hrs on 18 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 18 October 2019 and 16:00 hrs on 19 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 12

Between 25 October 2019 and 1 November 2019, AEMO issued 5 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 00:00 hrs on 25 October 2019 and 17:30 hrs on 25 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 25 October 2019 and 17:30 hrs on 26 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:40 hrs on 25 October 2019 and 15:00 hrs on 26 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 08:50 hrs on 31 October 2019 and 14:00 hrs on 31 October 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:00 hrs on 31 October 2019 and 06:00 hrs on 01 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 13

Between 2 November 2019 and 9 November 2019, AEMO issued 11 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 14:00 hrs on 02 November 2019 and 17:00 hrs on 03 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 02 November 2019 and 17:00 hrs on 03 November 2019.

The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:30 hrs on 03 November 2019 and 16:30 hrs on 04 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 04 November 2019 and 08:15 hrs on 05 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 08:15 hrs on 05 November 2019 and 16:30 hrs on 05 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 05 November 2019 and 06:00 hrs on 07 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 05 November 2019 and 13:30 hrs on 08 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 06 November 2019 and 17:30 hrs on 08 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:37 hrs on 08 November 2019 and 15:50 hrs on 08 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 08 November 2019 and 17:00 hrs on 09 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 22:00 hrs on 08 November 2019 and 16:30 hrs on 09 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 14

Between 10 November 2019 and 23 November 2019, AEMO issued 13 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 10 November 2019 and 16:00 hrs on 11 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 20:00 hrs on 11 November 2019 and 16:30 hrs on 12 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 13 November 2019 and 16:00 hrs on 14 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 13 November 2019 and 04:00 hrs on 15 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 14 November 2019 and 16:00 hrs on 15 November 2019.

The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:05 hrs on 14 November 2019 and 18:00 hrs on 15 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 15 November 2019 and 17:00 hrs on 16 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 16 November 2019 and 16:00 hrs on 17 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 16 November 2019 and 13:30 hrs on 17 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 19:35 hrs on 16 November 2019 and 23:00 hrs on 16 November 2019. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 16:10 hrs on 20 November 2019 and 16:30 hrs on 21 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:10 hrs on 20 November 2019 and 16:30 hrs on 21 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 22 November 2019 and 15:30 hrs on 23 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 15

Between 23 November 2019 and 26 November 2019, AEMO issued 4 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 23 November 2019 and 15:30 hrs on 24 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:45 hrs on 24 November 2019 and 16:40 hrs on 24 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:45 hrs on 24 November 2019 and 16:40 hrs on 24 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 25 November 2019 and 15:30 hrs on 26 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 16

Between 29 November 2019 and 7 December 2019, AEMO issued 16 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 29 November 2019 and 18:05 hrs on 30 November 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:15 hrs on 29 November 2019 and 14:30 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:15 hrs on 29 November 2019 and 14:00 hrs on 03 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 20:30 hrs on 30 November 2019 and 17:00 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:50 hrs on 02 December 2019 and 20:30 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:55 hrs on 02 December 2019 and 17:15 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:55 hrs on 02 December 2019 and 17:15 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:55 hrs on 02 December 2019 and 17:15 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:25 hrs on 02 December 2019 and 17:30 hrs on 03 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:45 hrs on 02 December 2019 and 20:15 hrs on 02 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 03 December 2019 and 16:00 hrs on 04 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:30 hrs on 04 December 2019 and 17:00 hrs on 05 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:30 hrs on 04 December 2019 and 17:00 hrs on 05 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:30 hrs on 04 December 2019 and 17:00 hrs on 05 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 08:00 hrs on 05 December 2019 and 08:30 hrs on 05 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 06 December 2019 and 15:30 hrs on 07 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 17

Between 7 December 2019 and 13 December 2019, AEMO issued 5 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 07 December 2019 and 13:00 hrs on 08 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 19:00 hrs on 08 December 2019 and 05:00 hrs on 09 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 10 December 2019 and 16:30 hrs on 11 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 11 December 2019 and 16:30 hrs on 12 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 12 December 2019 and 16:30 hrs on 13 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 18

Between 14 December 2019 and 15 December 2019, AEMO issued 1 direction to a participant in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 14:50 hrs on 14 December 2019 and 16:30 hrs on 15 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claim for additional compensation under NER clause 3.15.7B.

## 19

Between 20 December 2019 and 27 December 2019, AEMO issued 9 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 22:00 hrs on 20 December 2019 and 17:30 hrs on 21 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 22:00 hrs on 20 December 2019 and 17:30 hrs on 21 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:00 hrs on 21 December 2019 and 15:30 hrs on 21 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:30 hrs on 21 December 2019 and 10:50 hrs on 21 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:45 hrs on 21 December 2019 and 16:30 hrs on 22 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:50 hrs on 21 December 2019 and 12:15 hrs on 21 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:15 hrs on 21 December 2019 and 12:50 hrs on 21 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 19:00 hrs on 21 December 2019 and 12:00 hrs on 22 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 26 December 2019 and 12:00 hrs on 27 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

## **20**

Between 30 December 2019 and 6 January 2020, AEMO issued 4 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 30 December 2019 and 14:00 hrs on 31 December 2019. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 31 December 2019 and 16:00 hrs on 01 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 03 January 2020 and 04:00 hrs on 06 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 03 January 2020 and 04:00 hrs on 06 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## **21**

Between 10 January 2020 and 18 January 2020, AEMO issued 7 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 10 January 2020 and 18:30 hrs on 11 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 10 January 2020 and 12:00 hrs on 12 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 10 January 2020 and 17:00 hrs on 12 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 11 January 2020 and 16:00 hrs on 12 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 15 January 2020 and 04:00 hrs on 17 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 15 January 2020 and 16:30 hrs on 18 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:05 hrs on 16 January 2020 and 13:30 hrs on 18 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 22

Between 18 January 2020 and 25 January 2020, AEMO issued 6 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 18 January 2020 and 14:00 hrs on 20 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:15 hrs on 18 January 2020 and 14:00 hrs on 20 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 21 January 2020 and 15:00 hrs on 22 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 21 January 2020 and 16:30 hrs on 23 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 22 January 2020 and 15:00 hrs on 23 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 24 January 2020 and 15:00 hrs on 25 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 23

Between 25 January 2020 and 27 January 2020, AEMO issued 2 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 25 January 2020 and 16:00 hrs on 26 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 26 January 2020 and 15:30 hrs on 27 January 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 24

Between 31 January 2020 and 9 February 2020, AEMO issued 61 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 13:55 hrs on 31 January 2020 and 17:35 hrs on 17 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 21:00 hrs on 31 January 2020 and 07:10 hrs on 01 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:00 hrs on 31 January 2020 and 07:10 hrs on 01 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:40 hrs on 01 February 2020 and 07:10 hrs on 01 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to

the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 09:00 hrs on 01 February 2020 and 16:30 hrs on 01 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 09:00 hrs on 01 February 2020 and 16:30 hrs on 01 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 09:00 hrs on 01 February 2020 and 16:30 hrs on 01 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:00 hrs on 01 February 2020 and 21:00 hrs on 01 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:00 hrs on 01 February 2020 and 21:00 hrs on 01 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:00 hrs on 01 February 2020 and 21:30 hrs on 01 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:00 hrs on 01 February 2020 and 21:00 hrs on 01 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 01 February 2020 and 17:35 hrs on 17 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 14:00 hrs on 01 February 2020 and 17:35 hrs on 17 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 14:00 hrs on 01 February 2020 and 17:35 hrs on 17 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 21:30 hrs on 01 February 2020 and 16:30 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B. A direction was issued between 00:00 hrs on 02 February 2020 and 19:00 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 00:10 hrs on 02 February 2020 and 04:00 hrs on 06 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 03:15 hrs on 02 February 2020 and 04:40 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:20 hrs on 02 February 2020 and 16:30 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with

NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:20 hrs on 02 February 2020 and 16:30 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:30 hrs on 02 February 2020 and 07:50 hrs on 02 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:30 hrs on 02 February 2020 and 07:50 hrs on 02 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 04:30 hrs on 02 February 2020 and 07:50 hrs on 02 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 05:00 hrs on 02 February 2020 and 00:00 hrs on 03 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 11:00 hrs on 02 February 2020 and 16:50 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 16:50 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 16:30 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 16:15 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 17:00 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 17:00 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 20:15 hrs on 02 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:00 hrs on 02 February 2020 and 16:10 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 11:00 hrs on 02 February 2020 and 16:10 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:20 hrs on 02 February 2020 and 16:15 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:20 hrs on 02 February 2020 and 16:15 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:45 hrs on 02 February 2020 and 16:20 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:45 hrs on 02 February 2020 and 16:20 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 13:25 hrs on 02 February 2020 and 16:10 hrs on 02 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 22:22 hrs on 02 February 2020 and 02:30 hrs on 03 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 19:50 hrs on 02 February 2020 and 10:30 hrs on 03 February 2020.

The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:10 hrs on 03 February 2020 and 14:10 hrs on 03 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 03 February 2020 and 14:30 hrs on 04 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:30 hrs on 04 February 2020 and 15:30 hrs on 04 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:30 hrs on 04 February 2020 and 15:30 hrs on 04 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:30 hrs on 04 February 2020 and 15:30 hrs on 04 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:30 hrs on 04 February 2020 and 15:30 hrs on 04 February 2020. The directed participant received compensation for the provision of FCAS and energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:30 hrs on 04 February 2020 and 16:30 hrs on 09 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:40 hrs on 04 February 2020 and 16:00 hrs on 04 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 13:20 hrs on 04 February 2020 and 16:10 hrs on 04 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 14:50 hrs on 04 February 2020 and 16:10 hrs on 04 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 16:30 hrs on 04 February 2020 and 12:00 hrs on 05 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:55 hrs on 05 February 2020 and 14:45 hrs on 05 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 12:30 hrs on 05 February 2020 and 15:00 hrs on 05 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 12:35 hrs on 05 February 2020 and 15:10 hrs on 05 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 17:30 hrs on 05 February 2020 and 07:30 hrs on 08 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 13:15 hrs on 07 February 2020 and 16:30 hrs on 09 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in

accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 08 February 2020 and 14:00 hrs on 09 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 11:40 hrs on 16 February 2020 and 15:20 hrs on 16 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:50 hrs on 16 February 2020 and 15:25 hrs on 16 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 11:55 hrs on 16 February 2020 and 15:25 hrs on 16 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 12:05 hrs on 16 February 2020 and 15:28 hrs on 16 February 2020. As the directed participant did not provide a service to the market, no compensation was payable.

## 25

Between 1 February 2020 and 17 February 2020, AEMO issued 2 directions to participants in VIC to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 14:09 hrs on 01 February 2020 and 17:30 hrs on 17 February 2020.

As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 14:30 hrs on 01 February 2020 and 17:15 hrs on 17 February 2020.

As the directed participant did not provide a service to the market, no compensation was payable.

## 26

Between 18 February 2020 and 22 February 2020, AEMO issued 4 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 09:00 hrs on 18 February 2020 and 18:00 hrs on 18 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 10:15 hrs on 18 February 2020 and 14:00 hrs on 18 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 21 February 2020 and 14:30 hrs on 22 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:00 hrs on 21 February 2020 and 16:00 hrs on 22 February 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 27

Between 29 February 2020 and 6 March 2020, AEMO issued 16 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 29 February 2020 and 15:00 hrs on 01 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:00 hrs on 29 February 2020 and 18:30 hrs on 01 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:45 hrs on 01 March 2020 and 12:35 hrs on 02 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:00 hrs on 01 March 2020 and 12:40 hrs on 02 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 22:10 hrs on 01 March 2020 and 12:45 hrs on 02 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:25 hrs on 02 March 2020 and 20:20 hrs on 02 March 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 12:48 hrs on 02 March 2020 and 16:10 hrs on 02 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 12:55 hrs on 02 March 2020 and 16:45 hrs on 02 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

A direction was issued between 13:45 hrs on 02 March 2020 and 20:20 hrs on 02 March 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 13:45 hrs on 02 March 2020 and 20:20 hrs on 02 March 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 13:45 hrs on 02 March 2020 and 20:20 hrs on 02 March 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 14:52 hrs on 02 March 2020 and 16:50 hrs on 02 March 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 14:54 hrs on 02 March 2020 and 16:45 hrs on 02 March 2020. As the directed participant did not provide a service to the market, no compensation was payable.

A direction was issued between 00:00 hrs on 03 March 2020 and 14:30 hrs on 03 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 02:15 hrs on 03 March 2020 and 15:00 hrs on 03 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:00 hrs on 05 March 2020 and 08:30 hrs on 06 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 28

Between 6 March 2020 and 10 March 2020, AEMO issued 7 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 18:00 hrs on 06 March 2020 and 04:00 hrs on 10 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 06 March 2020 and 15:00 hrs on 09 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 19:00 hrs on 06 March 2020 and 16:00 hrs on 07 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:30 hrs on 07 March 2020 and 17:00 hrs on 08 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 08 March 2020 and 17:00 hrs on 09 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 09 March 2020 and 14:00 hrs on 10 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 19:00 hrs on 09 March 2020 and 14:30 hrs on 10 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 29

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Between 12 March 2020 and 19 March 2020, AEMO issued 6 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 12 March 2020 and 04:30 hrs on 16 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 12 March 2020 and 04:30 hrs on 16 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 12 March 2020 and 15:00 hrs on 15 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 15 March 2020 and 13:00 hrs on 16 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:05 hrs on 16 March 2020 and 13:30 hrs on 17 March 2020.

The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 18 March 2020 and 16:00 hrs on 19 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 30

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Between 21 March 2020 and 28 March 2020, AEMO issued 2 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 21 March 2020 and 04:00 hrs on 23 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 27 March 2020 and 15:30 hrs on 28 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

## 31

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Between 28 March 2020 and 28 March 2020, AEMO issued 1 direction to a participant in VIC to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 04:05 hrs on 28 March 2020 and 08:30 hrs on 28 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made a claim for additional compensation under NER clause 3.15.7B.

## 32

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Between 28 March 2020 and 4 April 2020, AEMO issued 3 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 28 March 2020 and 15:00 hrs on 29 March 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 03 April 2020 and 17:05 hrs on 03 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 03 April 2020 and 15:30 hrs on 04 April 2020. The directed participant received compensation for the provision of

energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 33

Between 4 April 2020 and 11 April 2020, AEMO issued 3 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:45 hrs on 04 April 2020 and 15:30 hrs on 05 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 09 April 2020 and 16:00 hrs on 10 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 10 April 2020 and 15:30 hrs on 11 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 34

Between 11 April 2020 and 16 April 2020, AEMO issued 4 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 11 April 2020 and 14:00 hrs on 12 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 12 April 2020 and 15:00 hrs on 13 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 14 April 2020 and 16:00 hrs on 15 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:30 hrs on 15 April 2020 and 15:00 hrs on 16 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 35

Between 18 April 2020 and 23 April 2020, AEMO issued 2 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 18 April 2020 and 14:30 hrs on 20 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 22 April 2020 and 16:00 hrs on 23 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 36

Between 24 April 2020 and 30 April 2020, AEMO issued 4 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 17:00 hrs on 24 April 2020 and 15:30 hrs on 26 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 27 April 2020 and 15:30 hrs on 29 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 14:00 hrs on 29 April 2020 and 13:00 hrs on 30 April 2020. The directed participant received

compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 29 April 2020 and 16:00 hrs on 30 April 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

37. Between 30 April 2020 and 9 May 2020, AEMO issued 9 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 30 April 2020 and 16:00 hrs on 01 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 21:35 hrs on 30 April 2020 and 19:30 hrs on 02 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 01 May 2020 and 15:30 hrs on 03 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:00 hrs on 05 May 2020 and 14:00 hrs on 07 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 15:00 hrs on 05 May 2020 and 15:00 hrs on 07 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 06:45 hrs on 06 May 2020 and 14:00 hrs on 06 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 06 May 2020 and 16:30 hrs on 09 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 06 May 2020 and 17:00 hrs on 09 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c).

The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 06 May 2020 and 18:00 hrs on 09 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

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## 38

Between 22 May 2020 and 25 May 2020, AEMO issued 3 directions to participants in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 18:00 hrs on 22 May 2020 and 16:30 hrs on 23 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 18:00 hrs on 23 May 2020 and 15:30 hrs on 24 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 11:10 hrs on 25 May 2020 and 15:10 hrs on 25 May 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 39

Between 29 May 2020 and 1 June 2020, AEMO issued 1 direction to a participant in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:00 hrs on 29 May 2020 and 14:30 hrs on 01 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 40

Between 7 June 2020 and 20 June 2020, AEMO issued 6 directions to a participant in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 15:30 hrs on 07 June 2020 and 15:00 hrs on 08 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 12 June 2020 and 14:30 hrs on 15 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 17:00 hrs on 15 June 2020 and 06:30 hrs on 16 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 22:00 hrs on 18 June 2020 and 07:00 hrs on 19 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 19 June 2020 and 14:00 hrs on 20 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

A direction was issued between 16:00 hrs on 19 June 2020 and 16:00 hrs on 20 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### 41

Between 20 June 2020 and 21 June 2020, AEMO issued 1 direction to a participant in SA to maintain power system security under clause 4.8.9 of the NER.

A direction was issued between 16:30 hrs on 20 June 2020 and 14:00 hrs on 21 June 2020. The directed participant received compensation for the provision of energy pursuant to the direction, in accordance with NER clause 3.15.7(c). The directed participant made no claims for additional compensation under NER clause 3.15.7B.

### Use by registered participants of inspection and testing rights from 1 July 2019 to 30 June 2020

AEMO was not informed of any inspections conducted under clause 5.7.1, or any tests conducted under clause 5.7.2 of the National Electricity Rules. These provisions relate to the right of registered participants to enter the facilities and test the equipment of other participants to assess compliance with technical requirements.

This report details our performance from 1 July 2019 to 30 June 2020 in accordance with the *Australian Energy Market Commission Establishment Act 2004* (SA) (the "Act") and the *Australian Energy Market Commission Establishment Regulations 2020* (SA).

This index indicates where each of the items which the AEMC must report on is located within the report.

**1. A report of the AEMC under section 27 of the Act must include a report on the following in respect of the financial year concerned:**

- a. the National Energy Law provisions and other legislative provisions that confer functions on the AEMC p18
- b. the AEMC's relationship to other bodies involved in the administration of National Energy Laws p3
- c. the membership and organisation of the AEMC pp29-34
- d. the AEMC's strategic plans and the relationship of the plans to objectives set out in the National Energy Laws pp10-21
- e. the AEMC's activities and their efficiency and effectiveness pp46-47, pp50-85
- f. the AEMC's financial affairs pp86-121
- g. disclosures made by Commissioners under section 22 of the Act p48
- h. positions in the employment of the AEMC, including salary levels for the positions, any positions created or filled and any positions abolished or vacated pp99-101
- i. the extent to which external consultants have been engaged by the AEMC, the nature of the work undertaken by the consultants and the total cost to the AEMC of the consultancies p123-124

- j. the occupational health, safety and rehabilitation programs of the AEMC and their effectiveness pp42-43
- k. any instances of fraud in the operations of the AEMC and the strategies implemented to prevent and control fraud pp48-49
- l. in relation to electricity:
  - I. the extent to which the operation of the Rules has met the national electricity market objective and the strategic development of the Rules to meet the national electricity market objective p51-63
  - II. any statements of policy principles that have been issued by the MCE in relation to the AEMC and any directions that have been given by the MCE to the AEMC p123
  - III. the rule making activities of the AEMC under the National Electricity Law, including:
    - A. requests for Rules in each of the categories of jurisdictional derogations, participant derogations, non-controversial Rules and urgent Rules, and pp22-25
    - B. the stages at which proposed Rules are in the Rule making procedure, and pp51-69
    - C. decisions of the AEMC not to proceed with requests for Rules, and p59, p66, p69
    - D. Rules made, and pp51-58, pp64-65, pp 67-68
    - E. Rules that have come into operation pp51-58, pp64-65, pp 67-68
  - IV. MCE directed reviews and AEMC initiated reviews under the National Electricity Law pp70-85

- V. market development functions pp10-16, p22, pp26-28
- VI. recommendations made by the AEMC for the MCE to request the making of Rules pp70-85
- VII. the composition and activities of the Reliability Panel and of any other panels or committees that have been established by the AEMC pp35-38, pp48-49
- VIII. AEMO's use of powers of direction in relation to power system security under clause 4.8.9(a) of the Rules pp125-145
- IX. The use by registered participants of inspection and testing rights under clauses 5.7.1 and 5.7.2 of the Rules p145
- X. The extent and effectiveness of demand side participation in the national electricity market, including measures that could be undertaken to enhance demand side participation in the national electricity market pp10-16, pp26-28, pp 51-85

**2. The AEMC's report must include its audited financial statements for the financial year and the Auditor-General's report on the financial statements. p86-121**

EXECUTIVE REPORT

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OUR ORGANISATION

RULES AND REVIEWS

FINANCIAL PERFORMANCE

STATUTORY REPORTS

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