

## Optional firm access governance and project plan

The Australian Energy Market Commission (AEMC) has developed a set of governance arrangements for the detailed design and testing of the optional firm access model. Together with the Australian Energy Market Operator (AEMO) we have developed a coordinated project plan for the project.

### Terms of reference for the project

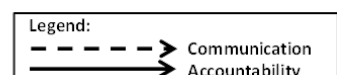
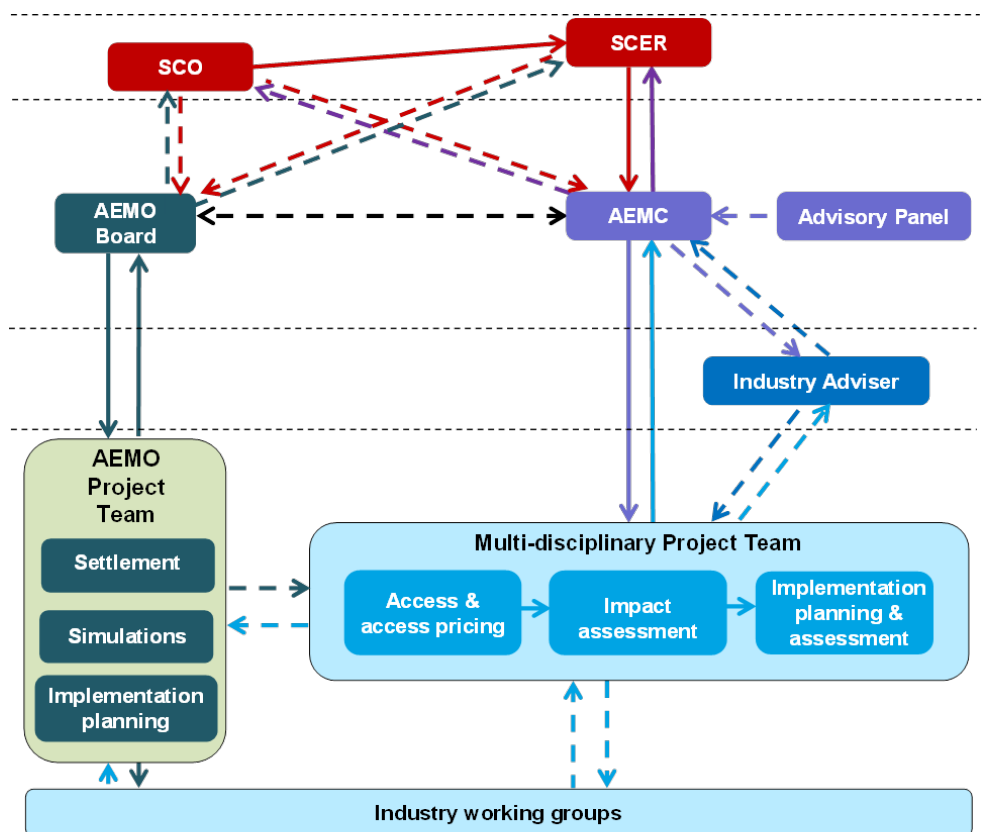
The Standing Council on Energy and Resources (SCER) has directed the AEMC to develop, test and assess the optional firm access model that was initially proposed as part of our Transmission Frameworks Review in 2013. We have been asked to:

- Confirm or modify the design of the optional firm access model as a result of testing and evaluation.
- Engage with industry participants and governments to build understanding of the model and the potential impacts of its implementation.
- Recommend whether to implement the optional firm access model, and if so, how it could be implemented.

Terms of reference for the project are available on our website.

### Project governance

We are undertaking this project with the following governance structure and industry inputs:



**The AEMC will make final recommendations on optional firm access to SCER by mid-2015.**

### **AEMC multi-disciplinary project team**

The AEMC's project team consists of AEMC staff, industry secondees and consultants. We are carrying out design and testing of the optional firm access model and an assessment of its impacts. This work will help us to make a recommendation to the Standing Council on Energy and Resources as to whether the model should be implemented, and if so, how.

### **AEMO project team**

Further detail on AEMO's project team can be found on the AEMO website.

There is significant overlap between our work programs and we are engaging with AEMO to coordinate our activities, including how we report and engage with stakeholders.

### **Working group**

We have convened an industry working group to be shared by the AEMC and AEMO to provide advice on technical issues and to help us assess the operational and commercial impacts of optional firm access. Summaries of working group meetings, including current membership, will be published on our website.

### **Advisory Panel**

The panel will provide advice to the AEMC on high-level and strategic matters. It will not make decisions or binding recommendations. Summaries of panel meetings, including current membership, will also be published on our website.

### **Industry Adviser**

The AEMC has appointed Charles Popple as an industry adviser to undertake a peer review role for our work program. Charles also provides advice to SP AusNet on other matters. We have processes in place to manage potential conflicts of interest.

### **Special Adviser to the AEMC and the Advisory Panel**

The AEMC has appointed Ross Bunyon as a special adviser to the Commission on matters of stakeholder engagement.

### **Report dates**

We have developed a coordinated project plan with AEMO that sets out a timetable for the completion of this project. It is published on our website and sets out intended report dates and the likely report contents.

We aim to publish our first interim report in August this year. We will include in this report matters that are key in forming a view on the potential costs, benefits and risks of implementing optional firm access. We are likely to include proposals for:

- the framework for assessing the impacts of the project
- planning and operating standard(s) for transmission businesses and associated incentive scheme(s)
- the access pricing methodology and indicative prices
- the transitional access allocation methodology and indicative values
- the inter-regional access process
- implementation options, including for staged implementation

We plan to make an initial decision on whether to recommend the implementation of optional firm access by the end of this year. If we make a positive decision, this will allow time for the development of draft rules and implementation plans in the first half of next year.

We will provide our final recommendations to SCER in the middle of next year.

### **Stakeholder engagement**

We will engage extensively with stakeholders throughout the work program. Along with the consultation through the published reports, working group and Advisory Panel, we are also planning to undertake public forums, targeted consumer engagement, industry workshops and bilateral stakeholder meetings.

For information contact:

AEMC Chief Executive, **Paul Smith** (02) 8296 7800  
AEMC Senior Director, **Anne Pearson** (02) 8296 7800

Media: Communication Manager, Prudence Anderson 0404 821 935 or (02) 8296 7817

8 April 2014