

The AEMC and Strategic Priorities for Energy Market Development

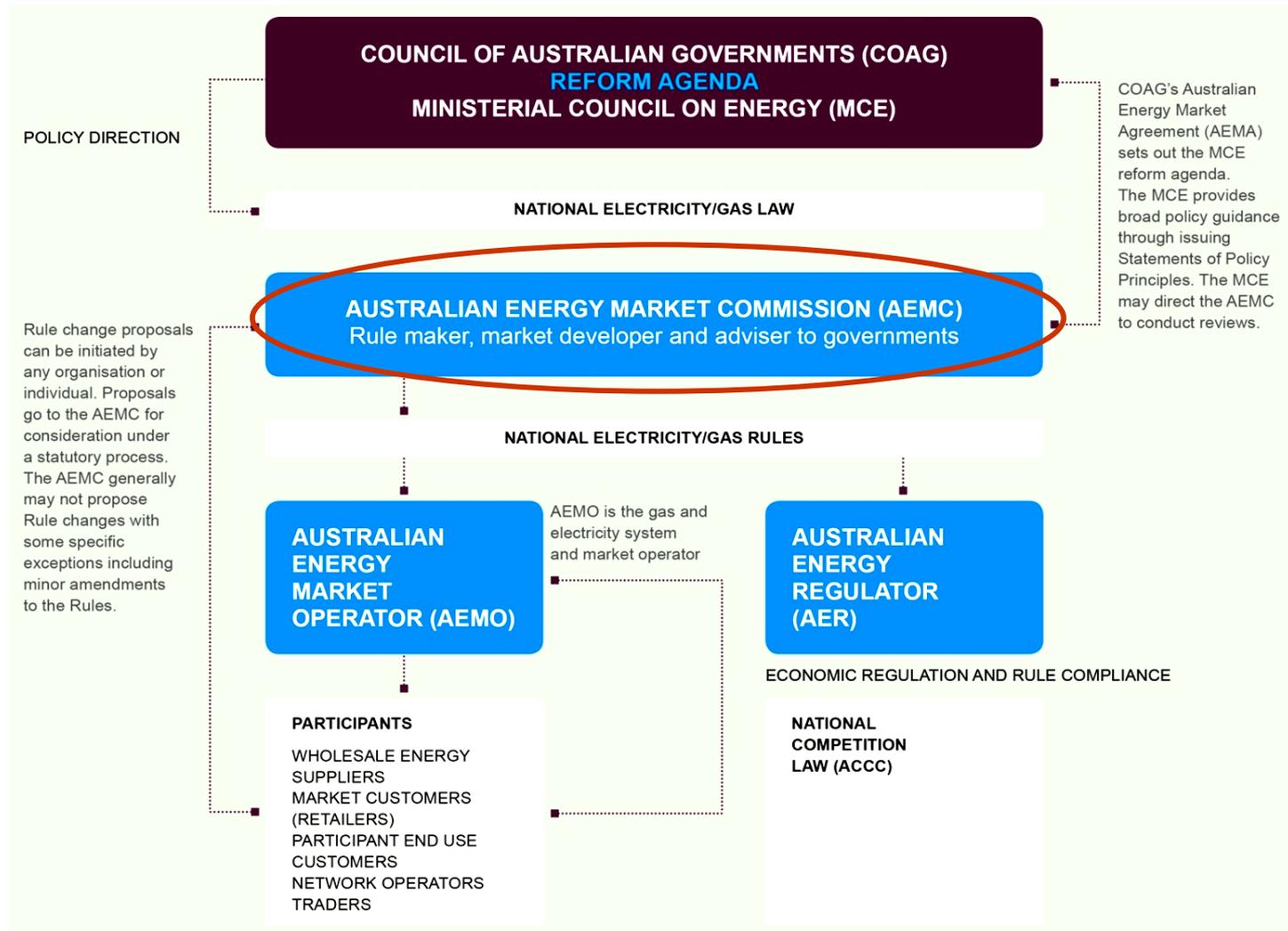


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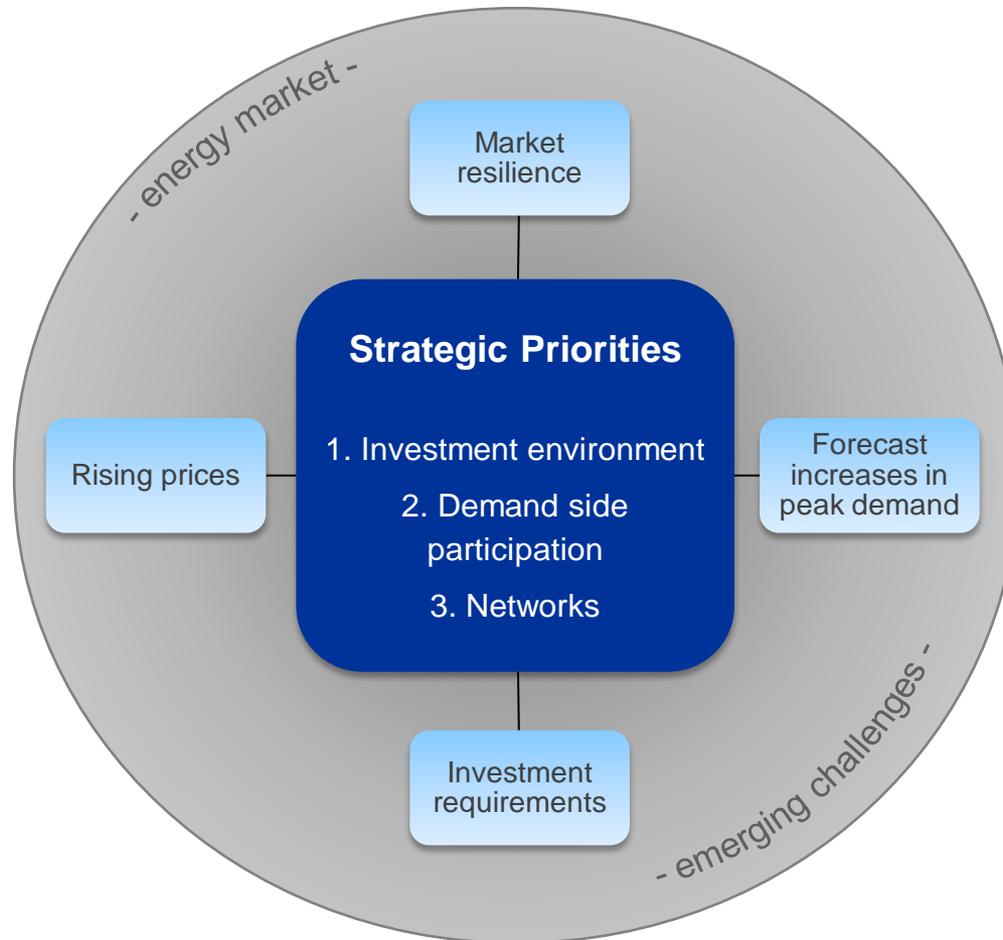
AEMC's Energy Market Role



Strategic Priorities for the Energy Market

- As the key adviser to the SCER (Standing Council on Energy and Resources) on energy market development issues, we believe it is important to identify the strategic priorities for our market development work and the Australian energy sector
- This is particularly important during a period of significant change in the energy sector
- Our strategic priorities will inform the SCER discussions about our future work program

Key Challenges and Strategic Priorities in 2011



A lot of changes in the Australian energy market

- A price on carbon emissions was implemented from 1 July
- Peak and energy demand growth has been lower than forecast and forecasts of future growth have been reduced
- The National Energy Customer Framework has been implemented in two jurisdictions with others expected to adopt it in the future
- The Commonwealth Government's Energy White Paper provides important overall context for market developments
- A number of State Government's are making major changes in their energy sectors

The Commission has made significant progress in its work program to meet the existing priorities

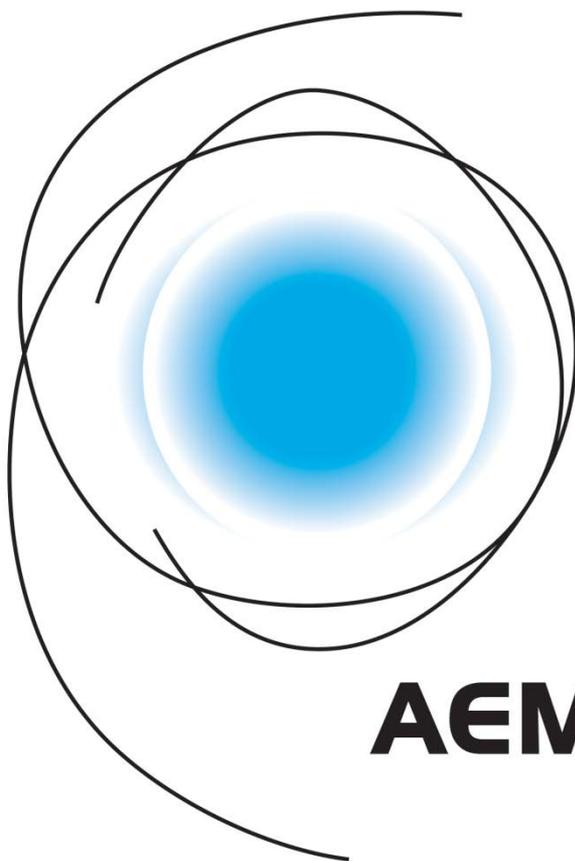
- Transmission Frameworks Review Interim Report was published earlier this month
- Draft Determination for the Network Regulation rule change proposals was published last week
- Power of Choice draft advice report to be published shortly
- NSW Distribution Reliability Standards Review Final Report to be published on Friday
- NEM Financial Resilience Review Options Paper to be published for consultation in about a month

What are the current and future challenges facing the energy market?

- The changes in the energy market and the progress of the existing work program suggest it is a good time to review the challenges facing the Australian energy market over the coming years
- This will then inform any changes to our priorities
- Today's event is a start of that discussion, and focuses on two areas that stakeholders raised when we developed our current priorities as issues for further consideration:
 - Retail markets, consumer participation and tariff structures
 - Electricity and gas market integration

Next steps

- We will put on our website copies of the presentations from today, and a short summary of the issues raised in the discussion sessions
- We will be publishing a document by the end of the year proposing our future Strategic Priorities
- Keen to have an ongoing dialogue with stakeholders, so happy to have bilateral meetings in the next few months



AEMC