

Power of choice and smart demand

Monday 7 April 2014



Lisa Nardi
SENIOR ADVISOR
AUSTRALIAN ENERGY MARKET COMMISSION

Overview

- Role of the AEMC
- The Power of choice review - what was it about?
- PoC implementation and work program.
- Smart demand: inter-related package
 - Enabling technology
 - Energy services enabled smarter metering
 - Price signals/incentives

Mission

The Australian Energy Market Commission delivers high quality and impartial energy market rules and advice to policy makers.

Vision

We will be an essential source of market development advice and be regarded as an excellent rule maker.

Values

Leadership, integrity and engagement.

Our business

The AEMC is an independent, national body responsible to the Council of Australian Governments (COAG) through the Standing Council on Energy and Resources (SCER).

We have two roles, as statutory rule maker for the energy market and expert adviser for federal, state and territory governments.



There is a strong relationship between our core business as rule maker and our core role as a source of expert, independent advice to ministers. Rules are not isolated from developments in the domestic energy sector and beyond to the national economy.

Deciding policy

COAG is the peak inter-governmental forum with a role to initiate, develop and monitor the implementation of policy reforms that are nationally significant and require cooperative action of state, territory and federal governments.

The Standing Council on Energy and Resources (**SCER**) is responsible for providing a strategic national agenda across the energy and resources sectors.

Making rules

The **AEMC** makes rules for the national electricity and gas markets and provides policy advice to the SCER.

Implementing rules and proposing change

AER – The Australian Energy Regulator is the national energy market regulator and an independent statutory authority with its staff and resources provided by the ACCC.

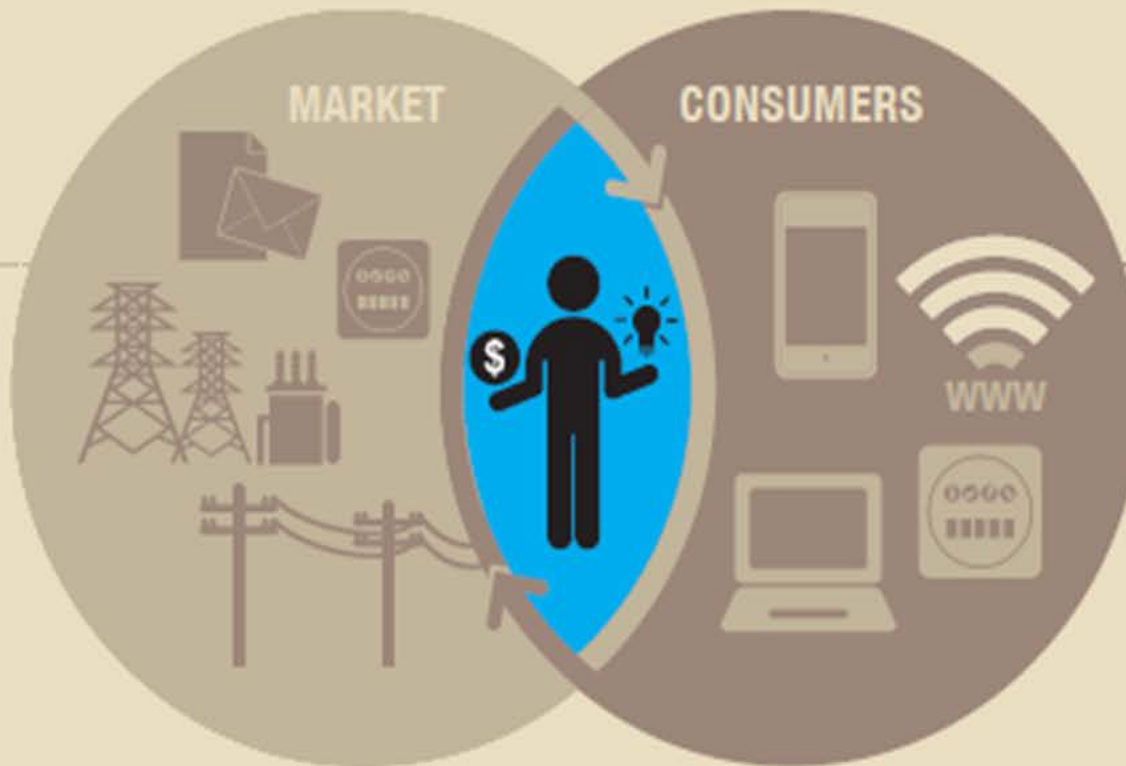
AEMO operates the energy markets and systems and delivers planning advice in eastern and south-eastern Australia. AEMO's core operational roles in the National Electricity Market (NEM) are as power system operator and as market operator.

Anyone in the community can make requests to change electricity and gas rules in addition to governments, the AER and AEMO.

Power of choice – increasing demand side participation

ENABLES ENERGY BUSINESSES TO SUPPORT CONSUMERS BY:

- Providing better incentives to capture the value of DSP
- Supporting coordination across the supply chain
- Improving competition in the provision of DSP options
- Giving different parties clearer roles and responsibilities
- Making investment decisions in DSP technology



ENABLES CONSUMERS TO MANAGE ENERGY BILLS BY:

- Improving information and education
- Rewarding changes in consumption behaviour
- Enhancing consumer choice
- Maximising the value of technology available
- Providing more flexibility about how they contract for energy services

PoC implementation work program

PoC Rule change requests	Status
Distribution network pricing - request from SCER and IPART	Initiated and underway. Expect to complete in November 2014
Expanding competition in metering and related services – request from SCER	Request received. Expect to publish a consultation paper in mid April 2014
Consumer access to their electricity consumption data – request from SCER	Request received. Expect to publish a consultation paper in May 2014
AEMO obtaining better demand side participation information – request from SCER	Request received. Expect to formally commence in second half of 2014.
Reform of demand management embedded generation incentive scheme for networks – request from SCER	Request received. Expect to formally commence in second half of 2014.
AEMC Reviews – emerging from PoC	Status
Advice on framework for open access and common communications standards	Publication expected on 10 April 2014.
Advice on retail switching timeframes	Review underway – Expect to publish final advice end April 2014.

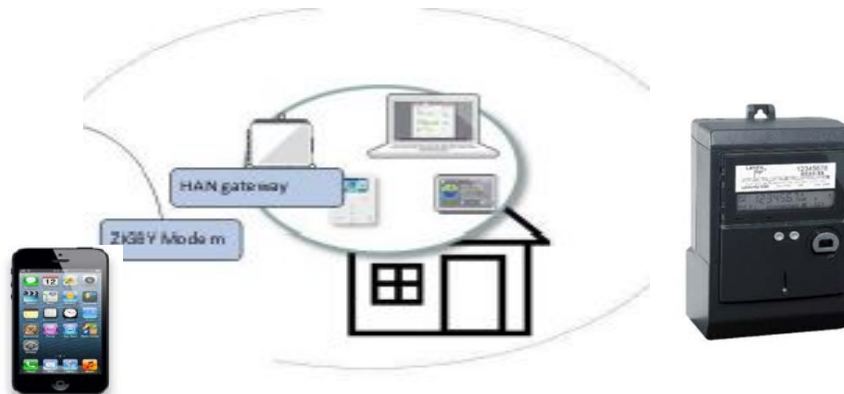
Smart energy demand: inter-related package?



Current reforms: Competition in metering services

Objective

- Support the uptake of demand side products and services that promote consumer choice; and
- Allow for the benefits of demand side participation to be captured across the supply chain.



Key elements of the proposal

- No party would have the exclusive right to provide metering and related data services - new Metering Coordinator role.
- Unbundling of metering charges from distribution network use of system charges.
- Clearly defined exit fees for existing meters managed by distribution network businesses.
- Upgrade to a new smart meter minimum functionality specification.
- Provision for a consumer and metering coordinator relationship.
- Provision for jurisdictional new and replacement policies.
- Implementation and transitional arrangements (including for Victoria).

Current reforms: energy services enabled by smart meters

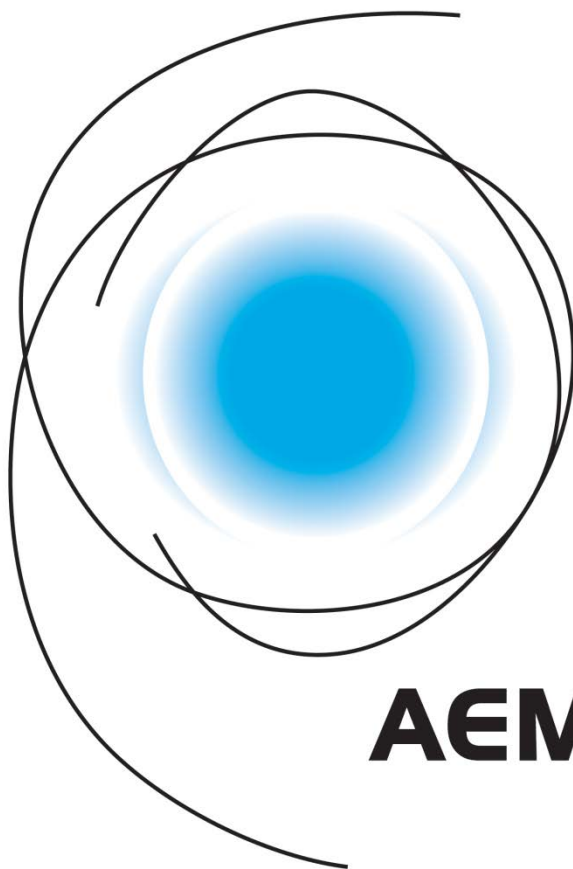
- Arrangements to allow authorised parties to access smart meter functionality to allow new products and services.
- Key elements:
 - Communication standards that may be required.
 - Regulatory requirements, ie rights to access and charges to use smart meter functionality.



Current reforms: flexible pricing

- Rule change requests from SCER and IPART (NSW)
- Key aspects:
 - Considering the principles for distribution network prices to be set on a more cost reflective basis; and
 - Greater consultation between distributors and their customers in structuring their prices.
- Will ultimately provide a framework that guides distribution businesses to develop prices that are efficient and therefore aim to benefit all consumers.





AEMC