

---

# Monthly Energy Regulatory Update – August

Updated 31 August, 2017

---

In this curated regulatory update, we bring to your attention the main policy and regulatory changes, proposed and developing, by our national and state rule-makers and regulators, divided into electricity and gas sectors<sup>1</sup>.

## Electricity

### Federal Regulators

Australian Energy Market Commission (AEMC)	Sector	More information	Date
<b>Draft Rule: Supporting a competitive market for ‘behind the meter’ battery storage and other distributed energy resources</b> The AEMC has made a draft rule to support a competitive market in ‘behind the meter’ batteries and other distributed energy resources by limiting network businesses’ ability to own and control these assets. Specifically, the rule restricts distribution network service providers’ ability to earn regulated returns on assets located behind the meter, on the consumer’s side of the connection point.	Distribution	<a href="#">News</a> <a href="#">Draft rule</a>	August 29, 2017
<b>Consultation: Rule change request on the AER’s revised Rate of Return Guidelines</b> The AEMC today started consultation on its review of the regulatory and market frameworks needed to support a reliable supply of electricity as the power system transforms to include more variable, intermittent generation and demand-side innovation. Submissions are due by September 19, 2017.	Generation, Transmission, Distribution, Retail	<a href="#">News</a> <a href="#">Issues Paper</a>	August 22, 2017

---

<sup>1</sup> Please note that we have chosen to summarise only the developments that are likely to be of interest to you. \*When we indicated that “no relevant news this month” has occurred, this does not mean that the relevant regulator or policy maker has necessarily been inactive.

Australian Energy Market Commission (AEMC)	Sector	More information	Date
<p><b>Consultation: Rule change request on the AER's revised Rate of Return Guidelines</b>  The AEMC has published a consultation paper on a rule change request from TasNetworks to change the timing of the application of the AER's revised Rate of Return Guidelines to its distribution business. TasNetworks proposes to apply the current, rather than revised, Rate of Return Guideline in its 2019–2024 revenue proposals for both its transmission and distribution businesses. Written objections are due on September 5, 2017.</p>	Transmission, Distribution	<a href="#">News</a>	August 22, 2017
<p><b>Consultation: Rule change request on declaration of lack of reserve (LOR)</b>  The AEMC today published a consultation paper on a rule change request from AEMO to redefine the conditions when it can declare a lack of reserves (LOR) and signal to the market that electricity reserves are running low. Submissions are due on September 19, 2017.</p>	Generation	<a href="#">News</a> <a href="#">Consultation Paper</a>	August 22, 2017
<p><b>Consultation: Improving the coordination of transmission and generation investment</b>  The Australian Energy Market Commission today called for submissions on its approach to considering ways to improve the coordination of transmission and generation investment so new supply can be added to the system at the lowest possible cost. Submissions are due on September 19, 2017.</p>	Generation, Transmission	<a href="#">News</a> <a href="#">Approach Paper</a>	August 22, 2017
<p><b>AEMC publishes its Distribution Market Model Final Report</b>  The AEMC has outlined a vision for a competitive 'distribution market' which enables consumers to get the most value out of their rooftop solar panels, batteries and other distributed energy resources as we move to a lower emissions future.</p>	Distribution	<a href="#">News</a> <a href="#">Final Report</a>	August 22, 2017
<p><b>Consultation: Pricing arrangements during periods of spot market suspension</b>  The AEMC has released a consultation paper on an urgent rule change request from the Australian Energy Market Operator to simplify the process for setting prices if the spot market is suspended. Stakeholder submissions on the consultation paper are due by September 12, 2017.</p>	Generation, Transmission, Distribution, Retail	<a href="#">News</a>	August 15, 2017
<p><b>More options for demand response in providing frequency control services</b>  The AEMC has made a final rule which expands the number of customers who are eligible to provide market ancillary services such as frequency control ancillary services, which assists in maintaining a continuous balance between demand and supply for power.</p>	Distribution, Retail	<a href="#">News</a> <a href="#">Final rule</a>	August 8, 2017
<p><b>Reliability Panel starts 2017 annual market performance review</b>  The Reliability Panel today started its annual market performance review of the reliability, security and safety of the national electricity market for the period July 2016 to June 2017. Stakeholders are invited to provide submissions on the approach and any relevant issues that they believe should be considered by the Panel in the review. Submissions are due by September 19, 2017.</p>	Generation, Transmission, Distribution, Retail	<a href="#">News</a> <a href="#">Terms of Reference</a>	August 8, 2017

Australian Energy Market Commission (AEMC)	Sector	More information	Date
<p><b>Modelling of a Clean Energy Target mechanism</b>  AEMC has been tasked with developing design options for a Clean Energy Target (CET). In particular the AEMC will examine the ability of different schemes to achieve energy and emission reduction policy objectives.</p>	General, Transmission, Distribution	<a href="#">News</a>	August 7, 2017
<p><b>Distribution revenue smoothing in NSW and ACT</b>  The AEMC has published final rule determinations that will allow NSW and ACT distribution businesses to recover any increased or decreased revenue that results from the Australian Energy Regulator's remaking from its 2015 determinations for distribution network businesses.</p>	Distribution	<a href="#">News</a> <a href="#">NSW Rule Change</a> <a href="#">ACT Rule Change</a>	August 1, 2017
Australian Energy Regulator (AER)	Sector	More information	Date
<p><b>AER releases draft incentive scheme</b>  The AER published a draft incentive scheme to encourage electricity distribution businesses to more actively manage demand on their networks and requests views from stakeholders. Submissions are due on October 12, 2017.</p>	Distribution	<a href="#">News</a>	August 28, 2017
<p><b>AER releases June 2017 Quarterly Compliance Report: National Electricity and Gas Laws</b>  The AER published its latest Quarterly Compliance summarising its compliance monitoring and enforcement activities under the National Electricity Law and the National Gas Law from April 1 to June 30, 2017.</p>	Wholesale	<a href="#">News</a>	August 23, 2017
<p><b>Invitations for expressions of interest in consumer reference group</b>  The AER is inviting registrations of interest to join a new Consumer Reference Group (CRG). The purpose of this CRG is to facilitate consumer input into the AER's review of the rate of return guideline. Interested parties are asked to register before 5pm September 14, 2017.</p>	Transmission, Distribution	<a href="#">News</a>	August 23, 2017
<p><b>AER Strategic Statement – working to make all Australian energy consumers better off</b>  The AER released its Strategic Statement to guide the organisation's growth in an increasingly dynamic energy sector and ensure the regulator is best positioned in the new environment to deliver value to consumers. It outlines the AER's key objectives and how it achieves these outcomes.</p>	Generation, Transmission, Distribution, Retail	<a href="#">News</a> <a href="#">Strategic Statement</a>	August 22, 2017
<p><b>Working together to improve engagement on network revenue proposals</b>  The AER, Energy Networks Australia (ENA) and Energy Consumers Australia (ECA) have taken on the joint initiative to explore ways to improve sector engagement and identify opportunities for regulatory innovation.</p>	Transmission, Distribution, Consumer	<a href="#">News</a>	August 11, 2017
<p><b>Announcement on the Independent Chair of the Energy Security Board</b>  The Australian Energy Regulator has welcomed the announcement of Dr Kerry Schott AO assisted by Ms Clare Savage as Independent Chair of the Energy Security Board.</p>	Transmission, Distribution, Retail	<a href="#">News</a>	August 9, 2017

Australian Energy Market Operator (AEMO)	Sector	More information	Date
<p><b>Trialing a Windfarm's Capability to provide Frequency Control Ancillary Services</b>  AEMO, the Australian Renewable Energy Agency (ARENA) and South Australia's Hornsdale Stage 2 Wind Farm are collaborating to trial whether a wind farm can provide important power system stability services. If successful, the trial will provide a critical proof of concept to the market and investors on the ability of wind farms to provide frequency control ancillary services.</p>	Generation, Transmission, Distribution	News	August 10, 2017
Clean Energy Regulator (CER)	Sector	More information	Date
[No relevant news this month]*			
Australian Competition and Consumer Commission (ACCC)	Sector	More information	Date
[No relevant news this month]*			
COAG Energy Council	Sector	More information	Date
[No relevant news this month]*			

## State/Territory Regulators

Independent Pricing and Regulatory Tribunal NSW (IPART)	Sector	More information	Date
<p><b>Draft Report: Electricity Transmission Reliability Compliance</b>  IPART has published its Draft Report setting out IPART's preliminary view on assessing compliance with the electricity transmission reliability standard. Stakeholders are invited to make submissions by September 12, 2017.</p>	Distribution, Transmission	Draft Report News	August 22, 2017
<p><b>Consultation: Electricity Networks Reporting Manual</b>  IPART is seeking feedback on its Electricity Networks Reporting Manual. The final report is due in October 2017.</p>	Distribution, Transmission	News	August 8, 2017
<p><b>Consultation: Electricity Networks Auditing Guideline</b>  IPART is seeking feedback on its Electricity Networks Auditing Guideline that apply when providing an audit service to IPART or to the businesses regulated by IPART. The final report is due in October 2017.</p>	Auditors	News	August 8, 2017
Essential Services Commission Victoria (ESC)	Sector	More information	Date
<p><b>Deemed Distribution Contract Variations</b>  ESC is considering proposals from electricity distribution businesses to vary the 'deemed distribution contracts' (which are the standard contracts that most Victorian customers are placed on with their electricity distribution business).</p>	Distribution, Retail	News Draft Decision	August 2, 2017

Essential Services Commission of South Australia (ESCOSA)	Sector	More information	Date
<p><b>Inquiry into the licensing arrangements for generators</b>            ESCOSA has released its final report on the inquiry into the licensing arrangements for generators. It has found a need to continue to impose transitional technical conditions within licences for new electricity generators which are to be connected to the South Australian power system.</p>	Generation	<a href="#">News</a>  <a href="#">Final Report</a>	August 17, 2017
Economic Regulation Authority Western Australia (ERAWA)	Sector	More information	Date
[No relevant news this month*]			
Queensland Competition Authority (QCA)	Sector	More information	Date
[No relevant news this month*]			
Office of the Tasmanian Economic Regulator	Sector	More information	Date
[No relevant news this month*]			
Utilities Commission of Northern Territory (UCNT)	Sector	More information	Date
[No relevant news this month*]			

## Gas

### Federal Regulators

Australian Energy Market Commission (AEMC)	Sector	More information	Date
[No relevant news this month*]			
Australian Energy Regulator (AER)	Sector	More information	Date
[No relevant news this month*]			
Australian Energy Regulator (AEMO)	Sector	More information	Date
<p><b>Consultation: Gas Supply Hub Proposed Exchange Agreement Amendment</b>            The proposed amendment to Gas Supply Hub (GSH) Exchange Fees is for the Fixed Fee methodology for Trading and Viewing Participants, and the introduction of a Fixed Fee Rebate mechanism for Trading Participants. Submissions are due on the 25 September 2017.</p>		<a href="#">News</a>	August 25, 2017
Clean Energy Regulator	Sector	More information	Date
[No relevant news this month*]			

Australian Energy Market Commission (AEMC)	Sector	More information	Date
[No relevant news this month*]			

COAG Energy Council	Sector	More information	Date
[No relevant news this month*]			

### State/Territory Regulators

Independent Pricing and Regulator Tribunal NSW (IPART)	Sector	More information	Date
[No relevant news this month*]			

Essential Services Commission Victoria (ESC)	Sector	More information	Date
<p><b>Consultation: Review of Unaccounted for Gas Benchmarks</b></p> <p>The ESC is undertaking a review of the Unaccounted for Gas (UAFG) benchmarks in the Gas Distribution System Code (GDSC). UAFG refers to the difference between the measured quantity of gas entering the gas distribution system from various supply points and the gas delivered to customers.</p>	Distribution	News	August 2017

Essential Services Commission of South Australia (ESCOSA)	Sector	More information	Date
[No relevant news this month*]			

Economic Regulation Authority Western Australia (ERAWA)	Sector	More information	Date
[No relevant news this month*]			

Queensland Competition Authority (QCA)	Sector	More information	Date
[No relevant news this month*]			

Office of the Tasmanian Economic Regulator	Sector	More information	Date
[No relevant news this month*]			

Utilities Commission of Northern Territory	Sector	More information	Date
[No relevant news this month*]			

Many thanks to Chris Goutama for his assistance in preparing this update.

## Contacts

If you would like further information please contact:



**Claire Forster**  
**Special Counsel**  
Tel + 61 2 9330 8168  
[claire.forster@nortonrosefulbright.com](mailto:claire.forster@nortonrosefulbright.com)

## Norton Rose Fulbright

Norton Rose Fulbright is a global law firm. We provide the world's preeminent corporations and financial institutions with a full business law service. We have more than 4000 lawyers and other legal staff based in more than 50 cities across Europe, the United States, Canada, Latin America, Asia, Australia, Africa, the Middle East and Central Asia.

Recognized for our industry focus, we are strong across all the key industry sectors: financial institutions; energy; infrastructure, mining and commodities; transport; technology and innovation; and life sciences and healthcare. Through our global risk advisory group, we leverage our industry experience with our knowledge of legal, regulatory, compliance and governance issues to provide our clients with practical solutions to the legal and regulatory risks facing their businesses.

Wherever we are, we operate in accordance with our global business principles of quality, unity and integrity. We aim to provide the highest possible standard of legal service in each of our offices and to maintain that level of quality at every point of contact.

---

Norton Rose Fulbright Verein, a Swiss verein, helps coordinate the activities of Norton Rose Fulbright members but does not itself provide legal services to clients. Norton Rose Fulbright has offices in more than 50 cities worldwide, including London, Houston, New York, Toronto, Mexico City, Hong Kong, Sydney and Johannesburg. For more information, see [nortonrosefulbright.com/legal-notices](http://nortonrosefulbright.com/legal-notices).

The purpose of this communication is to provide information as to developments in the law. It does not contain a full analysis of the law nor does it constitute an opinion of any Norton Rose Fulbright entity on the points of law discussed. You must take specific legal advice on any particular matter which concerns you. If you require any advice or further information, please speak to your usual contact at Norton Rose Fulbright.