
Monthly Energy Regulatory Update – July

Updated July 31, 2017

In this curated regulatory update, we bring to your attention the main policy and regulatory changes, proposed by our national and state rule-makers and regulators, divided into electricity and gas sectors¹.

Electricity

Federal Regulators

Australian Energy Market Commission (AEMC)	Sector	More information	Date
AEMC releases its national energy retail competition review The AEMC released its fourth annual review on the state of competition in retail energy markets across the national electricity market which includes Queensland, New South Wales, Victoria, South Australia, Tasmania and the Australian Capital Territory. It found that customers have more choice to manage energy use, but there are risks because of rising wholesale costs. This contrasts with concerns raised by the ACCC Chairman, Rod Sims last week that retail concentration and other historical conditions and policy settings are leading to a lack of affordability in the sector.	Retail	News Report	July 25, 2017
AEMC publishes first annual monitoring of electricity network regulation The AEMC published its annual monitoring report to assess the state of economic regulation for electricity networks in the face of energy market transformation. Among other things, the AEMC found that more consumers are adopting distributed energy resources as these technologies become cheaper and that there has been more entry of new technology, encouraging the electricity network to evolve.	Generation, Transmission, Distribution, Retail	News	July 18, 2017

¹ Please note that we have chosen to summarise only the developments likely to be of interest to you, so as to do more than just index updates from relevant websites. *When we indicate that “no relevant news this month” has occurred, this does not mean that the relevant regulator or policy-maker has necessarily been entirely inactive.

Australian Energy Market Commission (AEMC)	Sector	More information	Date
<p>AEMC publishes stage one report on drivers of change in transmission frameworks The final report identifies ways to better coordinate the investment in generation and the transmission network that is required as the generation mix changes, at least cost for consumers.</p>	Transmission, Distribution	News	July 18, 2017
<p>Draft rule facilitating secondary trading of inter-regional settlements distribution units The AEMC published a draft rule enabling, but not requiring, the AEMO to provide a platform for secondary trading of settlements residue distribution units. Submissions to the draft rule can be made before August 29, 2017.</p>	Transmission and market participants	News	July 18, 2017
<p>Final rule on new planning arrangements for replacement assets by electricity network businesses Under the rule change, transmission and distribution network businesses will be required to include information on plans to retire electricity network assets or reduce their capability (known as ‘de-rating’) in their annual planning reports.</p>	Transmission, Distribution	News	July 18, 2017
<p>Issues paper published for the review of the frequency operating standard This review is investigating the appropriateness of the settings in the standard, in light of the ongoing energy market transformation as conventional synchronous generation leaves the market and non-synchronous generation such as wind and solar panels enters the market.</p>	Generation, Transmission, Distribution, Retail	News	July 11, 2017
<p>Review of Reliability Frameworks The AEMC published Terms of Reference for a 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.</p>	Generation, Transmission, Distribution, Retail	News	July 11, 2017
<p>Review of market frameworks for better frequency control The AEMC has announced a new review to address current concerns with frequency performance in the national electricity market and to consider how best to integrate faster frequency control services offered by new technologies into the current regulatory and market arrangements.</p>	Generation, Transmission, Distribution, Retail	News	July 7, 2017
<p>Extension for Five Minute Settlement draft determination The AEMC is extending the date for publishing a draft determination on the Five Minute Settlement rule change request. The draft determination will now be published on September 5, 2017.</p> <p>The rule change request sought to change the time interval for financial settlement in the wholesale electricity market from the current 30 minutes to 5 minutes. Such a change would align financial settlement with the five minute timeframe for dispatch.</p>	Generation, Transmission, Distribution, Retail	News	July 4, 2017

Australian Energy Regulator (AER)	Sector	More information	Date
<p>AER releases final framework and approach The AER has released its final framework and approach papers for Ausgrid, Endeavour Energy, Essential Energy, ActewAGL, TasNetworks and NT Power and Water Corporation for the 2019-2024 regulatory control period. The papers provide guidance on how regulatory proposals should be framed and offer insight into certain aspects on the AER’s intended approach.</p>	Transmission, Distribution	News	July 27, 2017
<p>Working together to restore confidence in energy regulation AER Chair Paula Conboy has signaled a new approach to energy network regulation, which will see greater collaboration by the regulator and energy businesses for the benefit of consumers. Increased funding for the AER and the Commonwealth Government’s proposed removal of limited merits review will change the way the AER does business.</p>	Generation, Transmission, Distribution, Retail	News Speech	July 26, 2017
<p>AER releases annual assessment on Demand Management Innovation Allowance The AER has released its assessment of all 13 electricity distributors’ annual expenditure claims under the current Demand Management Innovation Allowance (DMIA). The DMIA is provided to each distributor in the form of a fixed allowance for each regulatory period to incentivise distributors to conduct research and investigation into innovative techniques for managing demand.</p>	Distribution	News	July 26, 2017
<p>Retailers reminded of their obligation to assist struggling customers In light of price energy price increases for consumers on July 1, 2017, the AER has emphasised retailers’ legal obligation to provide assistance to customers who are having trouble paying their energy bill.</p>	Retail	NSW, SA, Qld, ACT	July 18, 2017
<p>Invitation for submissions on the Draft Amended Ring-fencing Guideline The AER invites interested parties to make written submissions on its proposed Draft Amended Ring-fencing Guideline by close of business on 15 August 2017. The amendment aims to clarify certain terms on aspects including branding, information disclosure and obligations on contractors to DNSPs.</p>	Distribution	News Electricity Ring Fencing Guideline 2017 amendment	July 4, 2017
<p>AER releases 2017 compliance checks for energy retailers The compliance checks aim to address poor billing practice which significantly impacts on customer confidence. The checks cover:</p> <ol style="list-style-type: none"> 1. bill content, frequency and payment method; 2. calculating and basis for bills; and 3. billing complaints and incorrect charges. 	Retail	News	July 28, 2017

Australian Energy Regulator (AEMO)	Sector	More information	Date
[No relevant news this month*]			
Clean Energy Regulator	Sector	More information	Date
<p>Applications now open for the register of solar water heaters (version 32) The Clean Energy Regulator is now seeking applications for version 32 of the Register of solar water heaters. The Register of solar water heaters lists all solar and air source heat pump water heaters that are eligible to have small-scale technology certificates created for them.</p>	Generation, Transmission, Distribution, Retail	News	July 5, 2017
Australian Competition and Consumer Commission	Sector	More information	Date
<p>Overview of submissions made in response to retail electricity pricing inquiry The ACCC has published a 4-page summary of the issues raised in submissions on its retail electricity pricing inquiry. Whilst some submissions identify issues in market structure, competition and pricing, others identify aspects of the market that are functioning well. The summary does not rank or interrogate those submissions. This will be for the next stage of the ACCC's process.</p>	Retail	Summary	July 27, 2017
<p>Electric supply and prices inquiry: Public forum The ACCC is hosting public forums on the electric supply and prices inquiry. Having flagged the importance of affordability in recent public discourse, this will no doubt be a focus of the discussions throughout July and August.</p>	Generation, Transmission, Distribution, Retail	Registration	July 25, 2017
COAG Energy Council	Sector	More information	Date
<p>12th Energy Council Meeting Communique The Energy Ministers have agreed on a timeline to implement 49 of the 50 recommendations of the Finkel Review. These include requiring:</p> <ul style="list-style-type: none"> generators to guarantee a level of dispatchable capacity; and retailers to provide greater transparency on price. 	Generation, Retail	12th Energy Council Meeting Communique	July 14, 2017

State/Territory Regulators

Independent Pricing and Regulatory Tribunal NSW (IPART)	Sector	More information	Date
[No relevant news this month*]			
Essential Services Commission Victoria (ESC)	Sector	More information	Date
[No relevant news this month*]			

Essential Services Commission of South Australia (ESCOSA)	Sector	More information	Date
<p>ESC publishes the 2016 Retailer Energy Efficiency Scheme (REES) Annual Report</p> <p>REES is an ESCOSA initiative designed to encourage energy efficiency by setting targets to be met by electricity and gas retailers. All energy audit and energy efficiency targets were met in 2016.</p>	Retail	News	July 6, 2017
<p>Invitation for submissions on draft report on the inquiry into reliability and quality of electricity supply on the Eyre Peninsula</p> <p>ESCOSA invites interested parties to make a submission on the draft report. ESCOSA has identified certain generation options which could deliver reliability benefits and opportunities to improve the regulatory framework. Submissions close on August 18, 2017.</p>	Generation	News	July 6, 2017
Economic Regulation Authority Western Australia (ERAWA)	Sector	More information	Date
[No relevant news this month*]			
Queensland Competition Authority (QCA)	Sector	More information	Date
<p>QCA releases final report on time-varying solar price for regional Queensland</p> <p>The QCA has released its final report providing advice to inform a time-varying solar price for regional Queensland for 2017-18. The QCA was tasked with calculating and reporting on Queensland spot wholesale electricity pool price values.</p>	Retail	News Report	July 28, 2018
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
<p>Invitation for submissions on the proposed code on the Guaranteed Service level and Electricity Standards of Service Codes</p> <p>The Utilities Commission has released a proposed code, updating the Guaranteed Service Level and Electricity Standards of Service Codes. Submissions are due by August 16, 2017.</p>	Generation, Transmission, Distribution, Retail	News	July 27, 2017
<p>UCNT releases its Power System Review 2015-16</p> <p>The UCNT has released the 2015-16 Power System Review. It addresses Forecasts of demand and supply adequacy fuel supply, performance of the power system, advice on electricity industry and market policy matters.</p>	Generation, Transmission, Distribution, Retail	News	July 14, 2017

Gas

Federal Regulators

Australian Energy Market Commission (AEMC)	Sector	More information	Date
Victoria delivers next steps for a well-functioning gas market The AEMC released its final report to the Victorian Government on a package of reforms to help keep the costs of buying and selling gas as low as possible. AEMC has made a number of recommendations which should lower barriers to entry, streamline trading practices and improve transparency to encourage competition.		News Final report	July 14, 2017
AEMC publishes draft rule on improvements to the Natural Gas Bulletin Board The draft rule makes several changes including establishing a new registration framework and threshold, clarifies the purpose of the Bulletin Board and sets reporting standards. Interested parties are encouraged to make a submission by August 22, 2017.	Production, Transmission, Retail	News	July 11, 2017
Australian Energy Regulator (AER)	Sector	More information	Date
Invitation for submissions on the Roma (Wallumbilla) to Brisbane Pipeline - Access arrangement 2017-22 draft decision The AER invites interested parties make written submissions on its draft decision that approved access arrangements allowing Australian Petroleum Pipelines Pty Ltd to recover \$237.4 million from its customers over five years commencing July 1, 2017.	Transmission	News	July 6, 2017
Invitation for submissions on the Australian Gas Networks (Victoria and Albury) - Access Arrangement 2018-22 draft decision The AER invites interested parties to make written submissions on its draft decision on the Australian Gas Networks' access arrangements by September 15, 2017.	Distribution	News	June 28, 2017
AER releases 2017 compliance checks for energy retailers The compliance checks aim to address poor billing practice which significantly impacts on customer confidence. The checks cover: <ol style="list-style-type: none">1. bill content, frequency and payment method;2. calculating and basis for bills; and3. billing complaints and incorrect charges.			
Australian Energy Regulator (AER)	Sector	More information	Date
[No relevant news this month*]			

Clean Energy Regulator	Sector	More information	Date
[No relevant news this month*]			
Australian Competition and Consumer Commission	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
[No relevant news this month*]			
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

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.

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.