

AEMO to commence operations July 2009: MCE

A detailed implementation plan for the establishment of the Australian Energy Market Operator has been agreed by the Ministerial Council on Energy. The plan will be provided to the Council of Australian Governments immediately to ensure the AEMO commences operations on 1 July 2009.

Federal Minister for Resources and Energy Martin Ferguson convened his inaugural Ministerial Council on Energy meeting with state and territory counterparts where he says a number of important decisions were made towards the implementation of the Council of Australian Governments national energy policy framework.

“The Prime Minister has clearly stated the Government’s commitment to drive forward the COAG reform agenda. Energy market reform is an important part of that agenda,” says Ferguson. The appointment of the AEMO board has been deemed the next critical stage in the reform process, and MCE agreed this should commence as soon as possible so that the board can be in place by the middle of 2008.

The MCE also discussed the impact of drought on bulk electricity supplies in eastern Australia and the operation of the National Electricity Market. NEMMCO managing director Les Hosking advises MCE that the most recent analysis of security of generation capacity in the NEM jurisdictions indicates continued improvement across the NEM with all regions.

Ministers reiterated their confidence in the NEM as the primary mechanism for dealing with supply, demand and energy constraint issues. The upward pressure on spot and forward market prices as a result of generator capacity and energy restrictions due to the drought were noted by the Ministers.

Australian Energy Regulator chair Steve Edwell says the tight supply conditions will continue to put pressure on electricity prices, but, consistent with NEMMCO’s drought report, is unlikely to impact on reliability. The meeting also agreed to: establish a minimum functionality for electricity smart meters ahead of the planned national roll out; request the AEMC to commence a review of competition in the retail electricity and gas markets in South Australia; include provisions establishing the gas market Bulletin Board in the National Gas Law, to be introduced into SA Parliament in early 2008; adopt a more realistic timeframe of September 2009 for the introduction of legislation to bring non-economic distribution and retail regulation under the national framework; and provide a report to the COAG on the MCE’s progress in implementing energy market reforms.

Ferguson acknowledges concerns about the relative immaturity of the gas market and says he will be keeping a close eye on performance of the new gas market arrangements.

“A strong and effective market is critical to attract the substantial investment required to meet Australia’s energy needs,” Ferguson says.

“It is up to us to make Australia’s energy market the best in the world”.

[Source: esaa]