

energyministers

Meeting Communique

Friday 28 October 2022

ENERGY MINISTERS MET TODAY TO DISCUSS THE PRICE PRESSURES FACING THE EAST COAST ENERGY MARKET, ASSESS PROGRESS MADE ON PRIORITY MARKET REFORMS AND TAKE FURTHER COLLECTIVE ACTION ON THE ENERGY SECTOR TRANSFORMATION TO NET ZERO.

Energy prices are a critical focus of Ministers

Ministers expressed **concern that elevated international coal and gas prices, caused by Russia's invasion of Ukraine, continue to drive unacceptable increases in electricity and gas prices in east coast energy markets**, affecting millions of Australians, businesses and contributing to inflationary pressures across the broader economy. **Energy Ministers committed to consider all options to take strong action as a matter of urgency** to bring down power prices for Australian households and businesses.

Ministers agreed that this crisis makes the energy transformation even more important. A transition to renewable energy not only reduces emissions but also increases our resilience and protects consumers from such global price shocks.

Energy Ministers were briefed on the current state of energy markets and priority issues by the market bodies. This included advice from the Australian Energy Market Operator (AEMO) on readiness planning for the upcoming summer and winter. The Australian Competition and Consumer Commission provided an update to Ministers on the progress of its inquiries into the National Electricity Market (NEM) and the east coast gas markets.

Energy Ministers continued to progress reform areas agreed at its August meeting. This included agreeing the critical **amendments to the National Gas Law to extend AEMO's functions and powers to manage reliability and gas supply adequacy for the east coast gas market over winter 2023 and beyond**. Energy Ministers will consider, in December 2022, further rule refinements to this new framework based on consultation feedback. These changes give AEMO the ability to better identify, signal and address shortfall risks that will affect the consumer gas and electricity markets. Ministers agreed that the Australian Energy Market Commission (AEMC) would conduct a review of the new framework within three years.

Ministers also agreed to **amendments to extend both the National Gas Law and National Energy Retail Law to hydrogen and other renewable gases**. This delivers on Ministers' previous decision to expedite these reforms and provides a nationally-consistent approach to better support the development of a competitive and efficient hydrogen and renewable gas industry, which will play a vital future role in delivering net zero emissions for Australia.

New funding was provided from the Commonwealth to the Australian Energy Regulator (AER) (\$22.8 million over four years) to implement gas pipeline reforms and support priority reform work concerning the wider energy transformation. This funding will support AER's overall efforts to

improve how the market is functioning and advise governments on any action needed to manage contemporary market conditions.

Action under the new National Energy Transformation Partnership gets underway

Ministers welcomed the Australian Government's commitment of \$157.9 million to facilitate the priority work streams of the [National Energy Transformation Partnership](#) as part of its broader investments under the Powering Australia Plan.

A priority action under the Partnership agreed by Ministers in October was working with First Nations Australians to co-design a **First Nations Clean Energy Strategy**. Ministers acknowledged the Commonwealth's \$5.5 million investment to **kick-start and support the co-design process and strategy development**, and \$83.8 million for **microgrids in remote First Nations communities**. This funding will leverage and build on the best practice work of jurisdictions, First Nations communities and organisations to shape the Strategy, including identifying priority reforms and investment needed to deliver what's needed into the future.

Ministers also welcomed funding by the Australian Government to support work with state, territory and local governments across other Partnership themes, including:

- **Understanding demand evolution and capturing extensive demand side opportunities**, by undertaking detailed renewable energy forecasting, regional supply and demand analysis and developing a new National Energy Performance Strategy to lower energy bills and support a more reliable system. This is coupled with funding to modernise and expand the Greenhouse and Energy Minimum Standards (GEMS) and Nationwide House Energy Rating Scheme (NatHERS) programs. Ministers agreed to ask Building Ministers to continue to play a role to assist consumers save on energy costs by making homes and workplaces, including existing buildings, as efficient as possible.
- **Supporting the enablers of the energy transformation**, by committing to the development of a National Energy Workforce Strategy. This work is fundamental to enable Australia to build the right plan on workforce needs (including opportunities for First Nations peoples), supply chain management, and domestic manufacturing and on-shoring opportunities for the energy transformation.
- **Enhancing energy security management and Australia's cyber security maturity**, by updating the Australian Energy Security Cyber Security Framework and proactively managing emerging energy system risks in areas such as climate resilience and cyber security of distributed energy resources.
- **Coordinating gas and electricity planning**, by commencing a review of the Integrated System Plan (ISP) to 'supercharge' the 2024 ISP and future integration of system planning across the gas and electricity sectors. The review will also work with non-NEM jurisdictions to support more coordinated investment and delivery.

Ministers emphasised that, as the first fully integrated national energy and emissions agreement, work under the Partnership will facilitate a dynamic and collaborative approach to incorporate state and national level policies. Ministers welcomed the substantial announcements since the last meeting to take forward the energy transformation including:

- the Commonwealth, Tasmanian and Victorian governments' agreements under Rewiring the Nation, which commit to the delivery of Kerang Link by 2028-29, both Marinus Link cables by 2031, North West Tasmanian Transmission Developments, Victorian offshore wind transmission and Tasmania's Battery of the Nation. These agreements will put downward pressure on power prices, grow the economy and create new jobs.

- the launch of the first tender under the NSW Electricity Infrastructure Roadmap, designed to build at least 12GW of renewable energy and 2GW of long duration storage by 2030, as well as the progress on building the Waratah Super Battery, the largest network battery in the southern hemisphere.
- the release of the Queensland Energy and Jobs Plan, which outlined the development of the \$62 billion Supergrid, and 22GW of additional renewables capacity by 2035, 7GW of pumped hydro storage, the conversion of coal fired power stations to clean energy hubs, and provision of a jobs security guarantee.

Ministers tasked market bodies with taking all necessary measures to ensure the delivery of these nationally significant infrastructure projects, targets and plans within their specified timeframes needed for a reliable, affordable transition.

Accelerating transmission delivery and reform remains a key focus for governments

Ministers noted the importance of **electricity transmission** to the transformation of Australia's energy sector, enabling the integration of low emissions renewable generation and storage, increasing grid reliability and reducing electricity prices for consumers over time. Ministers welcomed the Australian Government's \$20 billion **Rewiring the Nation** policy to provide low cost finance to modernise, rebuild and strengthen Australia's electricity grids. Beyond this investment, the Australian Government has also committed \$9.4 million to designing a **new framework for nationally significant transmission projects**. This will also include a fit-for-purpose regulatory process in the NEM for development of this critical infrastructure

Ministers also welcomed the Australian Government's intention to establish a **new Rewiring the Nation Office (RTNO)** with the AEMO as a technical advisor and the Clean Energy Finance Corporation (CEFC) to act as the financing arm for the program. The RTNO will partner with the Australian Energy Infrastructure Commissioner (AEIC) and state, territory and local governments on new transmission projects and regulatory reforms, and will focus on strengthening community engagement, social licence and benefit sharing for transmission. Ministers noted the important initiatives already underway, including the ground-breaking work and announcement of the NSW Strategic Benefit Payments Scheme.

Continuing priority reforms for the sector

Ministers noted the progress made on a firming mechanism by the Taskforce supporting Senior Officials. Ministers looked forward to recommendations coming forward from Senior Officials at Energy Ministers' December meeting.

The Energy Security Board (ESB) presented their work on Regulated Exit Contracts for Ministers' consideration. Ministers thanked the ESB for their work to date and requested that they work with Senior Officials on recommendations with the intention of taking a decision at the December Energy Ministers' Meeting.

The ESB also updated Ministers on options for a Congestion Management Mechanism. Ministers committed to resolving congestion management as a key near term priority. Ministers noted that the ESB will issue a Direction Paper on a subset of the options under consideration. Ministers tasked Senior Officials to jointly undertake stakeholder consultations with the ESB on the full range of options, with recommendations to be considered at the first Energy Ministers' Meeting in 2023.

Next meeting

The next Energy Ministers Meeting is scheduled for early December in Gladstone, Queensland.

Membership

The Energy Ministers' Meeting comprises Commonwealth, State, Territory and New Zealand Ministers responsible for energy.

Commonwealth (Chair)	The Hon Chris Bowen MP, Minister for Climate Change and Energy
New South Wales	The Hon Matthew Kean MP, Treasurer, Minister for Energy
Victoria	The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Action and Minister for Solar Homes
Queensland	The Hon Mick de Brenni MP, Minister for Energy, Renewables, and Hydrogen and Minister for Public Works and Procurement
Western Australia	The Hon Bill Johnston MLA, Minister for Mines and Petroleum, Energy, Corrective Services and Industrial Relations
South Australia	The Hon Tom Koutsantonis MP, Minister for Energy and Mining
Tasmania	The Hon Guy Barnett MP, Minister for State Development, Construction and Housing, Energy and Renewables, and Veterans Affairs
Australian Capital Territory	Mr Shane Rattenbury MLA, Minister for Water, Energy and Emissions Reduction
Northern Territory	The Hon Selena Uibo MLA, Minister for Renewables and Energy
New Zealand	The Hon Dr Megan Woods MP, Minister of Energy and Resources

Energy Ministers' Meeting Secretariat
Telephone: (02) 6243 7844 Email: EnergyMinisters@industry.gov.au
GPO Box 2013 Canberra ACT 2601