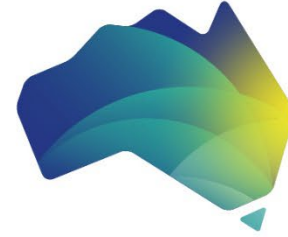




AUSTRALIAN
ENERGY
COUNCIL



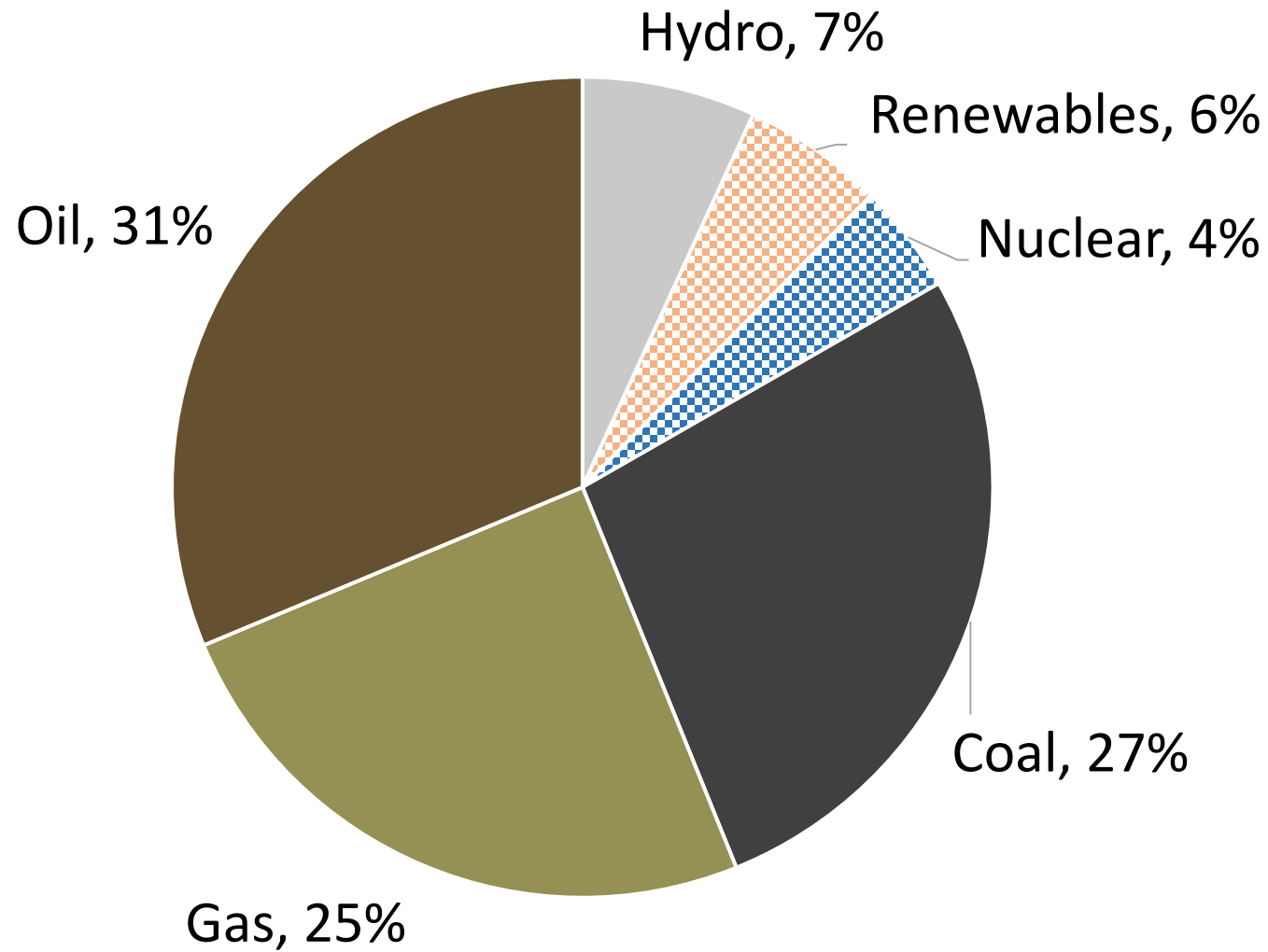
Energy
Networks
Australia

Day 2: session 1:

What a changing regulatory environment and higher climate ambitions mean for the sector

International Electricity Summit 2022

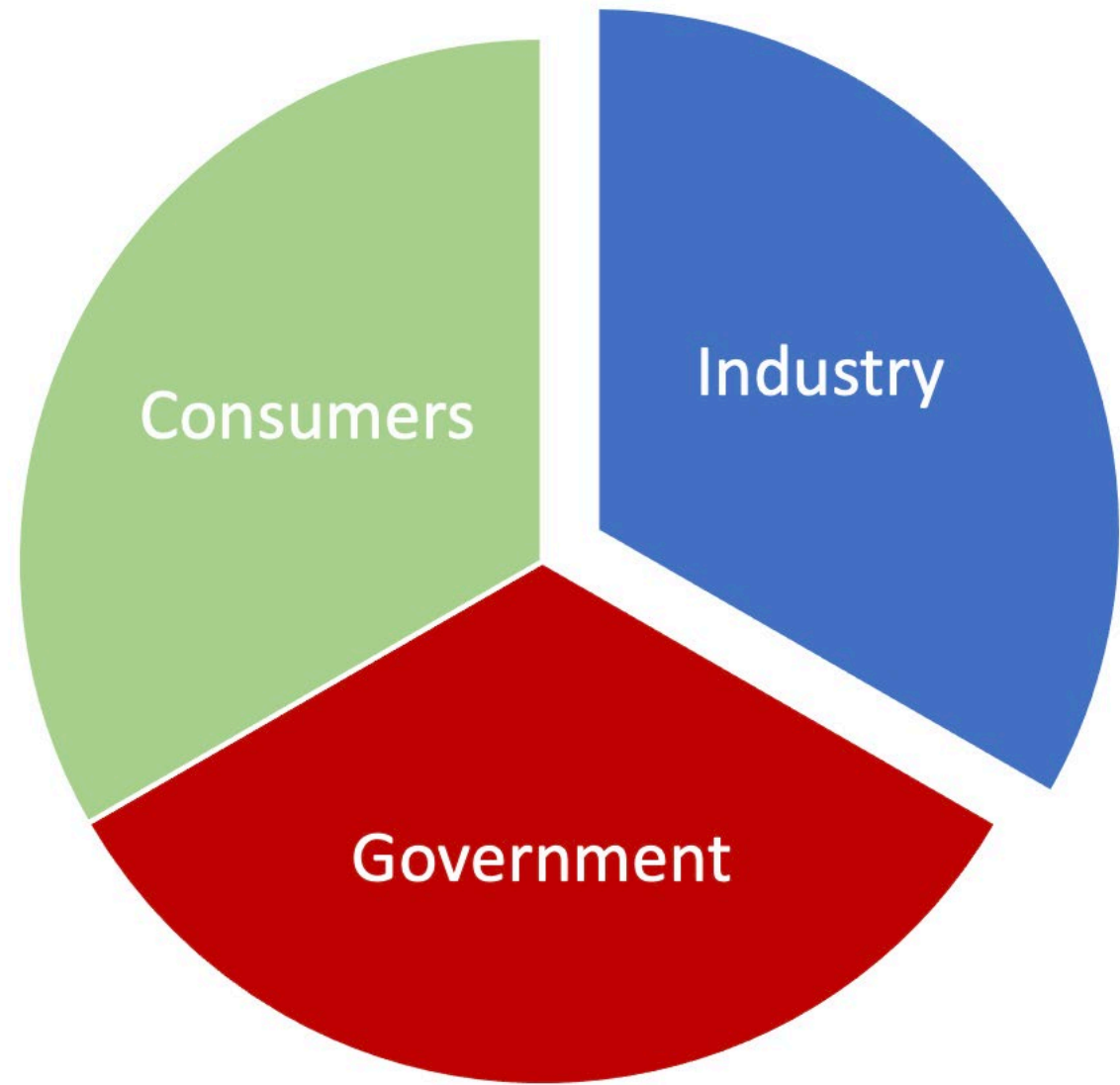
Global energy consumed by fuel type, 2020



Energy supply is assumed by consumers

- **Essential:** energy sits alongside food and water as essentials for human development and survival, meaning inelastic demand
- **Grudge:** Energy is a grudge purchase, it has low perceived consumer utility, it sits in the background of modern life
- **Counter-intuitive:** Consumers have become used to goods becoming cheaper over time. How can such a mature product suddenly become expensive?
- **Complex:** no one outside the industry really understands how it works or what drives costs
- **Political:** governments want to make energy problems go away

In an energy crisis, governments instinctively want to side *with* consumers *against* industry



Reform activities

POLICY MAKER

- Congestion management
- Customer Insights Collaboration Plan
- DER Implementation Plan (Inverter compliance & EV tech standards)
- Data strategy projects

RULE MAKER

- DER Access and Pricing Rule change
- Governance of DER tech standards review
- Metering Review
- Distribution System Operator review
- Transmission review

MARKET OPERATOR

- VPP and DER market integration trials: Project EDGE in Vic, Edith in NSW (Symphony in WA)
- Reform Delivery Committee (Regulatory Roadmap)
- NEM Engineering Framework
- Flexible trading arrangements
- Scheduled-lite

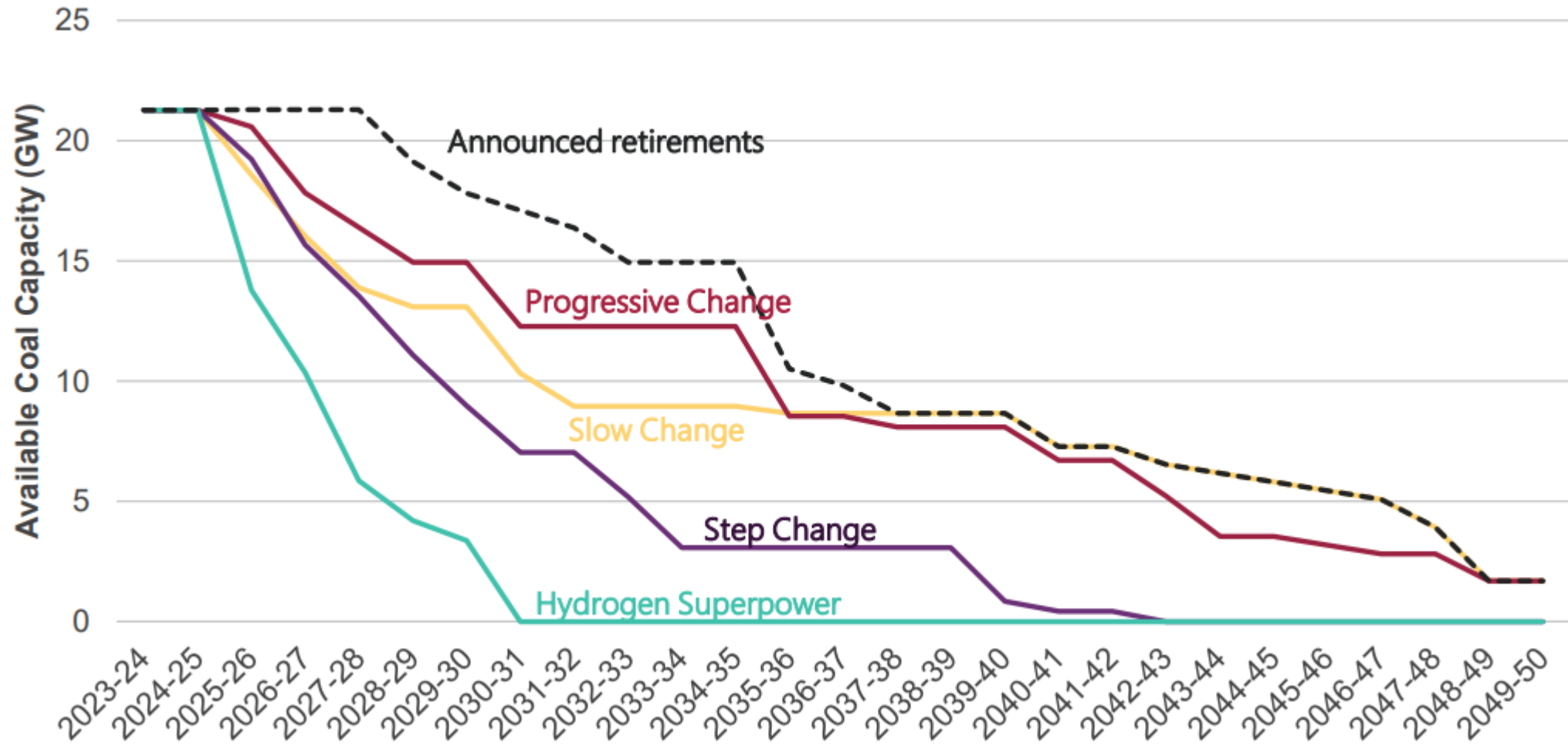
REGULATOR

- Incentive Scheme Review
- Transmission Ring-fencing Review & Distribution Ring-fencing Review
- Rate of Return Review (underway)
- Networks Information Requirements Review (underway)
- Implementation of the AEMC's access, pricing & incentive arrangements for DER rule change'
- Network Resilience Guidance Note (completed)

JOINT GOVT WORK

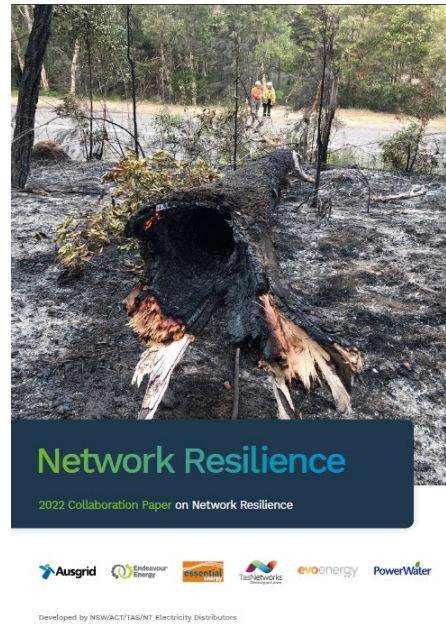
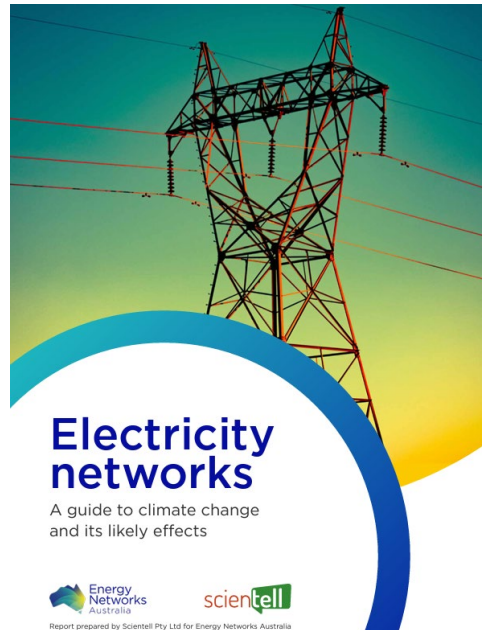
- Capacity Mechanism development
- Integrating emissions into the national energy objectives
- Transmission projects of national significance & regulatory reform
- Demand evolution (energy efficiency, DER integration, EVs and demand response)
- Coordinate gas and electricity planning
- Enhance energy security management

Generation shift reflected in climate ambitions



Source: AEMO ISP

Climate Resilience a growing focus for electricity sector



- Reliability: average network performance ie. how often & how long the power is off
- Resilience: the ability to resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard.
- Customers across Australia telling industry they want an increasing focus on resilience, not just reliability
- As we move from three energy vectors (electricity, petroleum, gas) to two and perhaps one, electricity resilience becomes increasingly critical
- Reliability is in the National Electricity Objective, resilience is not. Regulators currently do not value benefits to customers from investments in resilience

