

18 August 2023

Lily Mitchell  
Legal Director  
Australian Energy Market Commission

*Submitted via online portal [CRP0159]*

## **AEMC draft guide to applying the emissions component of the national energy objectives**

Dear Ms. Mitchell,

Energy Networks Australia (**ENA**) appreciates the opportunity to respond to the Australian Energy Market Commission's (**the Commission**) draft guidance on applying the emissions component of the national energy objectives.<sup>1</sup>

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA strongly supports the introduction of an emissions reduction component into the national energy objectives. Network service providers are essential partners in supporting government commitments to achieve a decarbonised, modern and reliable grid, and will work closely with market bodies, consumers and stakeholders to implement this important reform.

As outlined in the draft guidance, the Commission is required to develop a targets statement that lists government emission reduction targets the market bodies, including the Commission, should consider when applying the amended objectives. This targets statement will be an important element to operationalising the reform, and ENA understand that:

- » the Commission will prepare the initial targets statement,
- » either the Ministerial Council on Energy or Energy Ministers can direct the Commission to include a target in, or remove a target from, the targets statement, and
- » the Commission will maintain and update a publicly available copy of the targets statement as required.

When the Commission is preparing its final guidance, it would be useful to provide stakeholders with a further understanding of how the targets statement is to be initially prepared and the process by which the statement is updated.

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<sup>1</sup> AEMC, *Consultation on AEMC guide to applying the emissions component of the national energy objectives*, 24 July 2023.

We would also recommend that the Commission make it clear that the targets statement identifies the *minimum* set of emissions reduction targets market bodies must consider when having regard to the new energy objective. See, by way of example, the provisions inserted into the National Electricity Law<sup>2</sup>:

*In having regard to the national electricity objective under this Law, the Regulations or the Rules with respect to the matters mentioned in section 7(c), a person or body must consider, as a minimum, the targets stated in the targets statement. (emphasis added)*

In this regard, market bodies are not limited to considering only those targets included in the targets statement and may consider other targets (as long as they are targets of a ‘participating jurisdiction’ i.e., government targets). This is consistent with the Second Reading speech of the Bill, which explains that the targets statement<sup>3</sup>:

*... provides a publicly available and up-to-date list of government targets that, at a minimum, decision-makers must take into account when assessing which targets are relevant to each matter under consideration*

Similar to the targets statement, both guidance on the value of emissions reduction (**VER**) and the work that the Commission is undertaking to estimate the volume of emission reductions for rule changes, will be key to operationalising this reform. ENA strongly encourages close and transparent collaboration with stakeholders, including networks, on their development where possible.

If you wish to discuss any of the matters raised in this letter further, please contact Lucy Moon, Head of Regulation, on [lucymoon@energynetworks.com.au](mailto:lucymoon@energynetworks.com.au).

Yours sincerely,



Garth Crawford  
**General Manager, Economic Regulation**

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<sup>2</sup> Section 32A(5).

<sup>3</sup> The Hon A Koutsantonis, *Second Reading Speech for the Statutes Amendment (National Energy Laws) (Emissions Reduction Objectives) Bill*, 14 June 2023.