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Select Committee on Energy Planning and Regulation in Australia  
PO Box 6100  
Parliament House  
Canberra ACT 2600

*By email: [epra.sen@aph.gov.au](mailto:epra.sen@aph.gov.au)*

Dear Chair,

**AEMC submission to the Inquiry into energy planning and regulation in Australia**

The Australian Energy Market Commission (AEMC or Commission) welcomes the opportunity to make a submission to the Inquiry.

The AEMC is the rule maker for the National Electricity Market and certain gas markets. We make and amend the National Electricity Rules, National Gas Rules and National Energy Retail Rules. We undertake reviews of the national energy frameworks, provide advice to energy ministers and undertake market development.

Our decision-making is guided by the national energy objectives, which means we seek to promote efficient investment in and efficient use of energy services for the long-term interest of energy consumers with respect to safety, security, reliability, quality, price and the achievement of emission reduction targets.

The national energy rules:

- have the force of law
- affect how market participants can operate in the competitive generation and retail sectors
- provide specific protections for consumers to whom energy is sold and supplied, and
- govern the economic regulation of electricity transmission and distribution services and gas pipelines.

Stakeholder engagement and the public interest are critical to all our work and decision making.

As Australia transitions to a net zero emissions energy system, we recognise that national energy frameworks must adapt to manage the unprecedented pace, scale and

complexity of change underway, and harness the potential opportunities for consumer benefits. At the heart of our decision making is the long-term interests of consumers.

We note the Committee will specifically inquire into and report on the institutional structures, governance, regulation, functions, and operation of Australian energy markets.

With this in mind, the AEMC's submission to the Inquiry focuses on the following matters outlined in the terms of reference:

- national energy governance and the overarching laws within which energy markets are governed, with particular focus on how the energy laws provide the basis for AEMC decision-making
- the role, function and governance of the AEMC
- the AEMC's current strategic direction, priorities and the issues critical to the energy transition, and
- the statutory framework that supports consideration of stakeholder views and the public interest, with a focus on the rule-making process and how stakeholder consultation and input is central to what we do.

### **National energy governance and the overarching laws within which energy markets are governed**

The National Electricity Market (NEM) governance framework was designed to deliver effective competition, provide clear roles and responsibilities, and support investment certainty in the energy sector.

It does this by separating decisions on government policy, energy regulation, energy system operation, and enforcement and compliance. An intergovernmental agreement captured the governance framework. The agreement sets out the legislative and regulatory framework for Australia's national energy markets, provides for legislation that is implemented in each participating jurisdiction, and provides for the establishment of three market bodies with distinct roles and responsibilities.

The governance structure created to oversee the nation's energy market, including the creation of three market bodies:

- the Australian Energy Market Commission (AEMC) was established in 2005 by the South Australian parliament under the Australian Energy Market Commission Establishment Act 2004 (South Australia) and its functions are set out in section 6 of this Act.
- the Australian Energy Regulator (AER)
- the Australian Energy Market Operator (AEMO).

Each market body is an independent decision-maker with clear powers, functions and accountabilities that support the efficient operation of energy markets in the long-term interests of consumers.

On 30 September 2022, National Cabinet agreed to establish the Energy and Climate Change Ministerial Council (ECMC). This Council replaced the former Energy National Cabinet Reform Committee (ENCRC), which was preceded by the COAG Energy Council.

Today, the ECMC has oversight of the three market bodies as well as the Energy Advisory Panel (EAP), which allows for a whole-of-system perspective during the current energy transition. The EAP is a regular meeting of the three market bodies, the ACCC, and senior official observers from jurisdictions to discuss key energy market issues. The AEMC also works closely with [Energy Consumers Australia \(ECA\)](#), which represents residential and small business energy consumers. Attached to this submission is a diagram that sets out a simplified version of current NEM governance arrangements.

## **Legislation**

There are three overarching laws which are relevant to the governance of energy markets:

- National Electricity Law (NEL)
- National Gas Law (NGL)
- National Energy Retail Law (NERL).

In order to implement a national energy framework, an applied law scheme was adopted. Under this scheme, laws were made by the South Australian parliament as lead legislator (on agreement of all participating jurisdictions) and adopted by each participating jurisdiction through application acts.

The AEMC has rule-making and market development functions under these national energy laws. Rules made by the AEMC have the force of law under the national energy laws and are amended by the Commission or, in special and limited circumstances where a head of power has been included under the energy laws, by the South Australian Minister for Energy and Mining.

The source of statutory powers for the AEMC in relation to the NEM is the NEL. The NEL and [National Electricity Rules \(NER\)](#) came into effect on 1 July 2005.

The source of statutory powers for the AEMC in relation to the regulated gas market is the NGL. The NGL and National Gas Rules came into effect on 1 July 2008 in all jurisdictions except Western Australia. However, on 1 January 2020, Western Australia became a participating jurisdiction in the NGL (to the extent set out in the National Gas Access (WA) Act 2009).

In 2012, the NERL came into effect and the AEMC assumed responsibility for the National Energy Retail Rules (NERR) under the then-Ministerial Council on Energy's National Energy Customer Framework (NECF) package of reforms.

The NERR are primarily focused on the sale and supply of energy to residential and small customers. The rules also outline consumer protection measures and basic terms and conditions that govern the relationships between customers, retailers and distributors.

The NECF was developed with the purpose of supporting the delivery of a national and efficient energy market, as outlined in the intergovernmental agreement mentioned earlier in this submission. The NECF has been adopted in the Australian Capital Territory (commenced 1 July 2012), Tasmania (commenced 1 July 2012), the Commonwealth (commenced 1 July 2012), South Australia (commenced 1 February 2013), New South Wales (commenced 1 July 2013), and Queensland (commenced 1 July 2015). It does not currently apply in Victoria, Western Australia or the Northern Territory.

Given the complexities, the AEMC prepared a guide to how the NECF applies in each jurisdiction where it has been adopted. This guide is available on [our website](#).

There are three national energy objectives that govern and guide the AEMC in all our activities under the relevant national energy laws:

- National Electricity Objective (NEO)
- National Gas Objective (NGO)
- National Energy Retail Objective (NERO).

All three objectives require the AEMC to explicitly focus on the long-term interests of energy consumers in our rule making decisions, reviews and advice in relation to: price, quality, safety, reliability and security of supply, and emissions reduction.

### *Reliability Panel*

The [Reliability Panel](#) (the Panel) forms part of the AEMC's institutional arrangements and has key responsibilities outlined in the NEL to monitor, review and report on the safety, security and reliability of the national electricity system. It also provides advice in relation to the safety, security and reliability of the national electricity system, at the request of the AEMC.

The NER confer detailed functions and powers on the Panel across decision-making, advisory and monitoring and reporting tasks. It exercises these by conducting market reviews, publishing guidelines for market operation, and determining power system standards based on advice from AEMO.

### **The role, function and governance of the AEMC**

The AEMC is an independent statutory body established by the Parliament of South Australia that has responsibilities across Australia. The Commission's core functions are to make and amend rules under the national energy legislation, conduct reviews and provide advice to energy ministers, and market development.

The AEMC is based in Sydney, has a budget of approximately \$40 million (2024-25), and consists of five Commissioners and approximately 125 staff. The AEMC has reporting and

governance requirements under certain South Australian legislation and the South Australian Treasurer's instructions.

Our annual report is tabled in the South Australian Parliament consistent with these obligations. The South Australian Minister for Energy and Mining is the minister responsible for the AEMC under the AEMC's Establishment Act, and the Commission is funded by contributions from state and territory jurisdictions under the AEMC Funding Agreement (2018). The AEMC is an independent statutory authority that cannot be directed by Ministers in the performance of its key roles.

Another key element of the governance framework for the AEMC is the provision of a Statement of Expectations to the AEMC by energy ministers, which is considered regulatory best practice. The statement communicates the ministers' expectations for the operation and performance of the AEMC, consistent with the AEMC's independent statutory role for rule-making and market development for the majority of Australia's energy markets. The statement outlines energy ministers' views on improving governance, transparency, collaboration and outcomes from all market bodies. The AEMC is required to develop an annual Statement of Intent in response to the ministers' Statement of Expectations.

The latest Statement of Expectations was issued in September 2022. The AEMC's current [Statement of Intent 2024](#) is our second in response to that Statement of Expectations and focuses on:

- how the AEMC intends to achieve the requirements of the Statement of Expectations
- the AEMC's role in delivering its key statutory requirements
- the AEMC's approach to best practice stakeholder engagement and collaboration with governments, market bodies, market participants, energy consumers, and investors, and
- outcome-focused performance indicators as well as metrics for the operation of the AEMC.

AEMC Commissioners are responsible for making statutory decisions and are appointed by Australia's federal, state and territory governments. Commissioners bring a breadth of commercial, government and regulatory experience to their roles and hold advanced qualifications in engineering, law, commerce and economics. Commissioners are appointed to terms of not more than five years.

The AEMC's five Commissioners are: Anna Collyer (Chair), Sally McMahon, Lana Stockman, Tim Jordan and Rainer Korte.

### **The national energy objectives**

The national energy objectives govern our decisions on electricity, gas, and energy retail rule changes and reviews.

This means all our rule-making decisions, reviews, and advice must explicitly focus on the long-term interests of energy consumers by balancing the objectives of price, quality, safety, reliability and security of supply, and emissions reduction. Existing provisions in the energy laws provide that, in applying the objectives for a rule change, the AEMC can weight each component of the objectives as we consider appropriate in the circumstances.

The AEMC supported the changes to the national energy objectives to refer to government emission reduction targets. This was a significant action for us, as the objectives guide all our work on rule changes and reviews.

### *Balancing the new emissions component*

Following the changes in September 2023, the AEMC updated its guide, [\*How the national energy objectives shape our decisions\*](#) to detail how the AEMC makes its decisions with a particular focus on the new emissions component of the national energy objectives. This ‘emission reduction’ criterion replaced a ‘decarbonisation’ criterion in the previous version of this guide.

The guide outlines the AEMC’s decision-making framework and criteria for the work it does in a transparent manner. We did this to help rule change proponents understand our decision-making process and provide greater transparency in how we approach our work. Our consultation papers and decision documents for each project discuss how we have chosen and applied the assessment criteria, which is part of the assessment framework for a project.

In assessing proposed rule changes and weighing up policy options, we use a variety of techniques to examine the benefits and costs of the change. These techniques range from qualitative assessment through to quantitative cost-benefit analysis, depending on the likely impacts, complexity and nature of the proposed change. For some rule changes, it is important to quantify some or all of the costs and benefits because the potential costs of the change are high, or the benefit-cost ratio is unclear.

### *Reliability Panel*

The Panel is chaired by AEMC Commissioner, Tim Jordan, and [members](#) who represent a range of participants in the NEM, including consumer groups, generators, network businesses, retailers and AEMO. Members are appointed to the Panel for a period of up to three years and are appointed in consultation with industry, end-use consumers, and consumer groups.

The Panel conducts reviews including:

- the *Annual Market Performance Review (AMPR)*, which has been conducted since 2006 and examines the performance of the NEM in terms of reliability, security and safety of the power system, and

- the *Reliability Standard and Settings Review*, which is undertaken every four years to determine if current standards and settings remain suitable for the market, market participants, and consumers.

The Panel produces [guidelines](#) to assist AEMO perform its power system security and reliability functions. It also publishes [standards](#) governing how the power system should operate in certain circumstances. The Panel is responsible for determining a ‘protected event’ – a low likelihood, high consequence event for which AEMO must maintain power system security standards after the event takes place. These determinations are only undertaken if requested by AEMO.

### **The AEMC’s strategic direction, priorities, and the issues critical to the energy transition**

When the AEMC was established in 2005 the energy sector in Australia was vastly different. The power system was characterised by large, geographically concentrated, thermal generators, delivering energy one-way to a passive consumer base.

The sector is undergoing a major transformation. Thermal plants are being replaced by inverter-based generators, large generators are being replaced by smaller, more dispersed generators, and energy is flowing bi-directionally as more consumers take control of their energy use.

Faced with so much change, the AEMC launched a new [strategic plan](#) in September 2021, which recognised the fundamental role a decarbonising, affordable and reliable energy system plays for Australia’s future productivity and living standards and set out objectives that would help the Commission navigate the uncertainties facing the sector. These objectives included:

- ***Being more practical:*** focusing on interactions between the Rules and what is happening in the sector and the broader environment.
- ***Being forward-thinking:*** ensuring that advice and changes fit together with the long-term direction of the sector.
- ***Being collaborative:*** adapting the way that we collaborate with all our stakeholders so that our engagement is truly two-way and ongoing.

We have made good progress implementing this plan. We take a practical approach when delivering rule changes that work for consumers and we aim to work collaboratively with all our stakeholders, including proactively reaching out to new participants in the market and other interested parties. We focus our resources on key priorities and we aim to improve and invest in long-term, strategic actions that will continue to guide our work plan.

The pace of change in the sector, coupled with the introduction of an emissions component to our objectives, discussed earlier in this submission, prompted us to revisit our strategic plan. The Commission commenced a strategic refresh in November 2023.



We considered progress made against the 2021 plan against the evolving nature of the transformation of the sector. We reflected on how we could make a greater impact in delivering our work amid the pace of change as well as the challenges facing the sector over the next 20 years.

A key part of this strategic refresh has been the development of an [AEMC Strategic Narrative](#), a report which was released on 17 October 2024. Similar to the development of the strategic plan in 2021, the work undertaken for the narrative focused on establishing the AEMC's priorities for the longer-term of the energy transition.

Apart from informing our own work, the narrative aims to give stakeholders clarity about how the AEMC is thinking about the energy transition. It identifies key challenges and opportunities that we consider will influence the future of Australia's energy landscape, including the need for a dramatic expansion of the energy workforce and significant infrastructure development. It also considers the importance of working towards more equitable energy outcomes across all segments of society while supporting the transition to a low-emissions future.

The report explores a future where Australia's power system is low-cost, low-emissions, reliable, secure, and safe. This vision aims to support national prosperity while giving consumers confidence in the face of climate change.

To achieve these outcomes, the AEMC has identified eight critical challenges and opportunities that require ongoing attention from policymakers, regulators, and stakeholders. The challenges we have identified as the sector continues to transform are:

- equitable energy outcomes across households
- energy system security and reliability
- coordination of energy policy with other policy areas
- levels of social trust that will support change
- delivery of capital, labour and other resources
- meeting community and environmental needs alongside infrastructure requirements
- accessible data that supports the evolving energy system, and
- transition planning for the role of gas.

The AEMC continues to work to address these challenges. For example, we are currently reviewing how we consider equity in our decision making and we regularly consider the importance of policy coordination across our project teams and externally with our stakeholders. We also advocate for consistent communications to build public trust, and support major reforms such as the accelerated smart meter rollout, which will improve data accessibility as smart meters are universally rolled out across the NEM by 2030.

Our narrative is intended to support the [Energy and Climate Change Ministers' Electricity and Energy Sector Plan](#), and complements [AEMO's Integrated System Plan](#), AER's work



on [Game Changer Reforms](#) and consumer protections, as well as jurisdictional roadmaps for energy and related policy areas. It has also informed our AEMC priorities for the 2024-25 financial year.

### **Our 2024-25 rule change and review priorities**

In developing our priorities for the 2024-25 financial year, we considered the challenges and opportunities identified in our work on the *AEMC Strategic Narrative* and consulted with stakeholders in May and June 2024.

The AEMC's [priorities for 2024-25](#) fall into four broad categories:

- **Consumers**
- **Long-term market design**
- **Transmission**
- **Consumer energy resources (CER)**

The priorities reflect where we see the need to focus our resources and expertise on investigating the operational and investment challenges and opportunities arising from the evolving mix of energy assets, to identify the necessary obligations and incentives to support the orderly and efficient delivery of new supply, and develop the required rules and reforms to facilitate a successful transformation of the sector.

These priority areas are not exclusive. The AEMC continues to prioritise consideration of rule changes when: requested by energy ministers; critical to the functioning of the energy system, or presenting a threat to vulnerable consumers.

#### **Consumers**

This priority is to progress work relating to urgent issues for consumers under the regulatory framework, including how we inform, empower and protect customers individually and as a collective.

Key projects include:

- [pricing for a consumer driven future review](#)
- [acceleration of smart meter deployment rule change](#)
- [access to real time consumer data rule change](#)
- *understanding consumer behaviours and preferences.*

#### **Long-term market design**

This priority is to progress work relating to longer-term market design to ensure our frameworks provide the appropriate reliability settings, efficient provision of system services and investment signals for the net-zero future.

Key projects include:

- *preparing for the future of gas, including [stage two gas reform](#) rule changes*
- [technical access standards](#) rule changes

- [\*efficient provision of inertia rule change\*](#)
- [\*cyber security roles and responsibilities rule change\*](#)
- *our work on future wholesale market design*
- *understanding the impact of a changing climate on the reliability, resilience and security of the energy system.*

### [\*Transmission\*](#)

This priority is to progress work relating to the cost-effective and efficient delivery of major transmission and network infrastructure.

Key projects include:

- *outstanding rule changes from the [\*Transmission Planning and Investment Review\*](#)*
- [\*providing flexibility in the allocation of interconnector costs rule change\*](#)
- [\*improving regulatory frameworks for non-networks options\*](#)
- [\*transmission access reform\*](#)
- [\*inter-regional settlement residue arrangements for transmission loops\*](#)
- *ISP rule changes.*

Transmission has long been a priority area for reform at the AEMC. On 19 August 2021 we commenced our [\*Transmission access and planning review \(TPIR\)\*](#), recognising an unprecedented level of investment in transmission infrastructure was required in a short period of time to deliver power from new generation and storage facilities.

The AEMC has since implemented a suite of rule changes based on the TPIR recommendations. These include both near-term and longer-term regulatory reforms to facilitate the efficient and timely delivery of the transmission projects included in the ISP.

A key focus of this work has been to maintain the necessary rigour to determine whether each project is in the long-term interests of consumers. TPIR also addressed social licence expectations, within the AEMC's remit, which led to a rule that outlines clear community engagement processes that transmission companies must satisfy.

In addition, the AEMC recently concluded a review into Transmission Access Reform at the request of energy ministers, who are currently considering our final recommendations.

Throughout both TPIR and the Transmission Access Reform review, we engaged extensively with a wide range of government, industry and consumer advocacy stakeholders. Our work reflects this and has led to a far greater shared understanding of the challenges and opportunities related to transmission, and the most effective pathways to achieving key regulatory advancements.

As noted earlier, none of these priorities stands alone, but an important link is worth noting between transmission and the next priority in this submission, CER. Stable and

effective integration of household and business rooftop power generation may reduce the overall need for additional transmission infrastructure in our system.

### *Consumer energy resources (CER)*

This priority is to progress work relating to the technical aspects of CER including the efficient integration of new consumer-owned technologies into the market and system.

AEMC key projects include:

- [\*integrating price responsive resources rule change\*](#)
- [\*unlocking CER benefits rule change\*](#)
- *leading the distribution system operator workstream for the [\*CER Taskforce\*](#)*
- *contributing to electric vehicle work via the CER Taskforce, and*
- [\*consumer pricing review\*](#).

CER is transforming Australia's energy landscape, presenting opportunities and challenges that are often unique to our country and power system. Apart from the 3.5 million household and business rooftops currently equipped with solar panels, CER includes any devices with a power load that can be applied flexibly over time, such as domestic batteries, EVs, electric hot water systems, dishwashers and pool pumps.

Effective integration and coordination of CER could deliver net benefits estimated at between \$1 billion and \$6.3 billion from 2030-2040. These benefits ultimately flow back as lower energy bills to all consumers, including those who do not have direct access to the technology.

The stronger CER is in our system, the more confident we can be about overall power supply and the less back-up infrastructure we need to build at utility-scale. AEMO's 2024 Integrated System Plan suggests that coordinated CER can avoid \$4.1 billion in additional grid-scale investment, directly impacting consumer bills.

CER has been an AEMC priority for several years. We worked closely with the former Energy Security Board (ESB), which preceded the EAP, and supported its final report to energy ministers with a strong call to action in November 2023. Ministers endorsed the recommendations and established a CER taskforce with clear terms of reference to deliver on the report's six priorities, including:

- consistent technical standards and consumer protections to minimise risks and maximise participation, and
- clear allocation of responsibilities and data flows for distribution connected assets to enable those assets to be optimised within the system and market.

We also called for an overarching, national narrative about the energy transition in general and CER in particular, to support social trust and encourage participation.

CER is transforming Australia's energy landscape, presenting opportunities and challenges unique to our country and power system.

The AEMC is acutely aware that Australia is at the forefront globally in terms of CER adoption and integration. Our approach involves constant innovation and testing of new policy, economic, and technological solutions. We are committed to ensuring that the benefits of CER are maximised for all consumers, including those who may not have direct access to CER technologies.

### **Prioritisation and a rule change completion target**

The AEMC prioritises rule changes and reviews after consulting with stakeholders to ensure the most important and highest impact issues can be addressed.

Prioritisation is necessary given the Commission receives more rule change requests than we have resourcing capacity to complete. The increased number of rule change requests reflects the pace and scale of change taking place across the energy sector.

The AEMC can currently complete 15 to 20 rule changes per annum, depending on the complexity of the rule change and other priorities. However, the number of rule changes submitted has grown in recent years to between 20 and 25 per annum. This increase is an operational challenge and comes at a time when we also recognise that many stakeholders believe the pace of change for the energy sector is too slow.

These issues have prompted the Commission to consider how we can adapt and, as a result, we have a new, self-initiated rule change target for 2024-25: to complete 25 rule changes and five reviews – a 30% increase on our rule change throughput in the past two years.

This target requires the AEMC to change the way we go about our processes and consultation and we believe it should be included in our ongoing Statement of Intent reporting to ensure longer term public accountability and transparency.

### **The statutory framework supports consideration of stakeholder views and the public interest**

Stakeholder engagement, input and collaboration are at the heart of the AEMC's work. We can't do our job successfully without the input of households, large consumers, industry, market bodies, governments, and other key stakeholders. The statutory framework supports the consideration of stakeholder views and the public interest in carrying out our role and functions, particularly through the rule change process. However, we recognise that in addition to any statutory responsibilities on us it is imperative that we continue to evolve how we engage and make ourselves more open and find new ways to engage as the sector evolves.

Collaboration and effective engagement with stakeholders is fundamental to the Commission's ability to successfully meet its statutory objectives.

This requires building relationships with stakeholders and proactively reaching out to new, interested parties to help increase our understanding of the key energy issues and concerns affecting the community.

A key priority identified in our strategic plan is adapting the way that we collaborate with all our stakeholders so that our engagement is truly two-way and ongoing. We do this through our core work in making rules and undertaking reviews with an open, transparent and collaborative approach to stakeholder input. In addition, we have set up regular forums to connect with stakeholders across the sector and the community including:

- consumer strategy group
- consumer priorities forum
- innovator roundtables
- investor forum
- academic forums connecting research and policy.

We also have a dedicated stakeholder engagement function supporting regular dialogue with energy market participants, peak body organisations, and industry and consumer groups. We track and test the success of our engagement approach through a biennial stakeholder engagement survey.

### **The rule-making process**

Stakeholder engagement and outreach is required as part of the rule-making process and the Commission takes great care to increase awareness and visibility of public consultation periods, project updates and reports, and the reasons for our final decisions.

Stakeholders can shape the design and regulation of the market through participation in the rule change process, including by submitting rule change requests. A unique aspect of our role is that any party, except the AEMC, can propose a change to the rules. The AEMC is only permitted to propose minor changes such as corrections. Rule changes that are recommended as part of an AEMC-led review can also be requested by any party.

Since the AEMC's inception in 2005, we have dealt with more than 430 rule change requests from a variety of different proponents including governments, members of industry, consumer groups, energy regulatory market bodies, public advocacy groups, major energy user groups, business groups, and individuals.

#### ***Submitting a rule change***

The official process for making a rule change request begins by submitting a written request to the AEMC. Generally, the rule change will be published on the AEMC website as 'pending' within two weeks of receipt, so stakeholders are aware that it has been submitted. The request remains pending until the AEMC makes a formal decision to initiate the rule change process.

Anyone submitting a rule change must ensure their request contains certain information that is prescribed by the regulations, which includes but is not limited to:

- a description of the rule that the proponent proposes be made
- a statement of the nature and scope of the issue(s) concerning the existing rules that is to be addressed by the proposed rule change request and an explanation of how the proposed rule change request would address the issue(s)
- an explanation of how the proposed rule change request will or is likely to contribute to the achievement of the relevant energy objective
- an explanation of the expected potential impacts of the proposed change to the rules on those likely to be affected
- in the case of a rule change request from an energy regulatory body that could be progressed under a 'fast tracked' rule change process, a summary of the consultation conducted by the energy regulatory body is required. A description of the different rule types is outlined later in this submission.

The submission of a rule change request is not intended to be onerous or require a deep level of technical expertise on the part of the proponent.

The process of making a rule change request can begin well before a formal request is submitted and the AEMC encourages stakeholders who are considering submitting a rule change to contact the Commission as early as possible. In an effort to make submitting a rule change as clear as possible to anyone unfamiliar with the process, information stepping out the rule change process is contained in a dedicated [page](#) on the AEMC website. This webpage explains the process and contains various tips and guides that have been developed by the AEMC to assist potential rule change proponents including: [Tips for submitting a rule change request](#), [Tips for making a submission](#), the [Guide to our decision making](#), and [Guide to the rule change process](#).

We created these materials to make the rule change request process as transparent as possible and assist potential rule change proponents with framing a more effective and targeted rule change request.

AEMC staff are also available to assist proponents in developing their proposal. The project team and the proponent may continue to have informal discussions following the submission of a rule change request, to gain a greater understanding of the issues identified in the request.

### [Project initiation](#)

The AEMC will initiate a rule change process unless we have significant concerns in relation to one of the matters referred to above. For example, if the AEMC clearly would not have rule-making power under the energy laws to address the issues raised in the rule change request.

The timing for initiating a rule change request is guided by considerations including the order requests are received, as well as practical considerations such as the resources and expertise available given other projects underway and in the pipeline.

We seek to complete rule change processes as quickly as possible while recognising the importance of appropriate consultation with stakeholders to achieve favourable outcomes for consumers.

The rule change process must be undertaken within the statutory timeframes required by the national energy laws.

Once a rule change is initiated, we undertake our own analysis along with the collective expertise of the rule change proponent and other stakeholders through a consultative process, to determine whether a change to the rule is consistent with promoting the energy objectives.

#### *Stakeholder engagement during the rule-change process*

At the outset of any rule change the AEMC assesses the level of stakeholder engagement that may be required, taking into account matters such as the anticipated complexity and materiality of the request.

We then form a project plan setting out the most appropriate mechanisms to assist us in producing high quality rule changes.

Once a rule change process commences, the Commission seeks to engage with relevant stakeholders to encourage their participation and input. We do this knowing that effective stakeholder participation throughout the process is a significant factor in the quality of market outcomes.

Further to written submissions, we may engage stakeholders through public forums, meetings, workshops, and advisory groups to help us build stakeholder awareness and understanding and provide an avenue for meaningful input to help us make better decisions.

Active and early engagement assists us to gain a comprehensive understanding of the potential impacts of our decisions and, in so doing, produce well-informed, high quality rule changes.

Before we start the statutory process we make practical decisions on whether standard timeframes are achievable given the request's scope, the amount of consultation required with stakeholders and competing work priorities.

There may be occasions when the AEMC will extend the timeframes of a project if we consider that the request for a proposed rule raises issues of sufficient complexity or difficulty or if there is a material change in circumstances.



### *Transparency in our decision-making*

The outcome of a rule change project is contained in a final decision document – a final rule determination.

The AEMC may only make a rule change if satisfied that it will or is likely to contribute to the achievement of the relevant national energy objectives - focusing on the long-term interest of consumers.

The reasons for making (or not making) a rule, including how our decision serves the long-term interest of consumers, are outlined in these final determinations and published on our website.

Stakeholders are welcome to discuss the reasons for our decisions with AEMC staff.

Decisions of the AEMC are subject to judicial review by the Supreme Court of each jurisdiction that participates in the national energy markets.

### **Further information**

I would be happy to provide more information on any matters outlined in this submission that may assist the Committee.

Yours sincerely

Anna Collyer

Chair

Australian Energy Market Commission